RECOMMENDATIONS
by the Government Efficiency Commission
to the
Governor and Lieutenant Governor
Senate President Pro Tem
Speaker of the House
Indiana General Assembly
and to
the Citizens of the State of Indiana

November 2004

Introduction to Government Efficiency Commission Report

Indiana faces an $800-million-plus structural budget deficit. While we are not alone among the states in facing this serious challenge, we cannot take much comfort by simply relying upon the adage "misery loves company." According to the State Budget Agency, the baseline[1] for state fiscal year (FY) 2005 is revenue of $11.1 billion and appropriations of $11.9 billion, which yields an $824 million structural deficit.

Of course, the last national recession was a major factor in Indiana's current fiscal condition. That recession began in March of 2000 and ended in November of that same year. It signaled the end of the longest national economic expansion on record – 10 years – and was the end of the stock market bubble of the late 1990s. While that recession was measured as short and mild by many, it severely affected over 40 state budgets, erasing surpluses and creating deficits.

Yet, the recession is not the whole story. Over the past several decades, the Indiana General Assembly has established a set of core priorities that have first call on taxpayer resources. Highest among those priorities is K-12 education, with property tax relief, higher education, Medicaid and other healthcare and social services, corrections, and other programs also claiming significant resources. It is the continued and improved delivery of these high priority programs and services that drive Indiana's government spending.

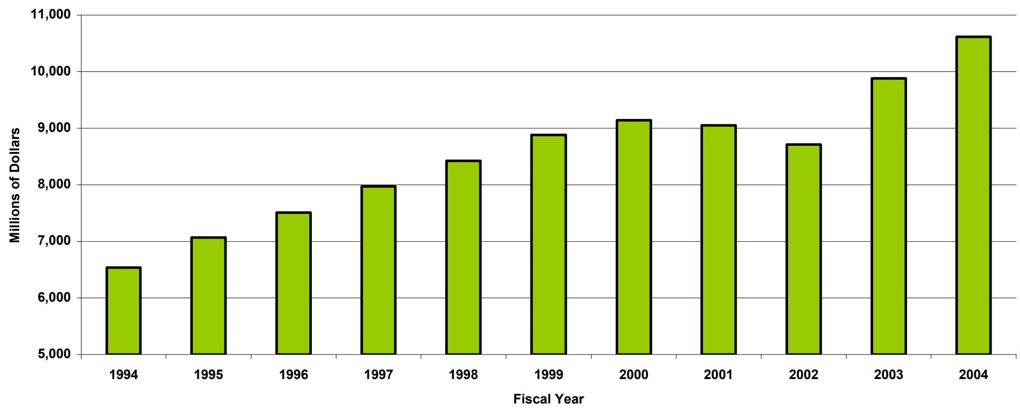
The recession of 1990-1991 also impacted state governments. However, Indiana, by 1994, had responded to and, by the end of FY 1995, restored balance to its budget. Therefore, to provide a background to the current situation, we examine the last 10 years of Indiana's revenue and expenditures.

Revenue History 1994 to 2004:

In 1994, Indiana was completing its recovery from the 1990-1991 recession. General Fund and Property Tax Replacement Fund revenue in FY 1994 totaled $6,538 million from those sources included in the state's revenue forecast. By 2000, revenue had increased to $9,143 million. Revenue collections fell for the next two years before increasing to $10,620 million in FY 2004 (See Figure 1).

[1] A baseline is a representation of budgetary or fiscal condition based on current tax and spending policy.

Figure 1. Total State Tax Collections - Fiscal Years 1994 to 2004

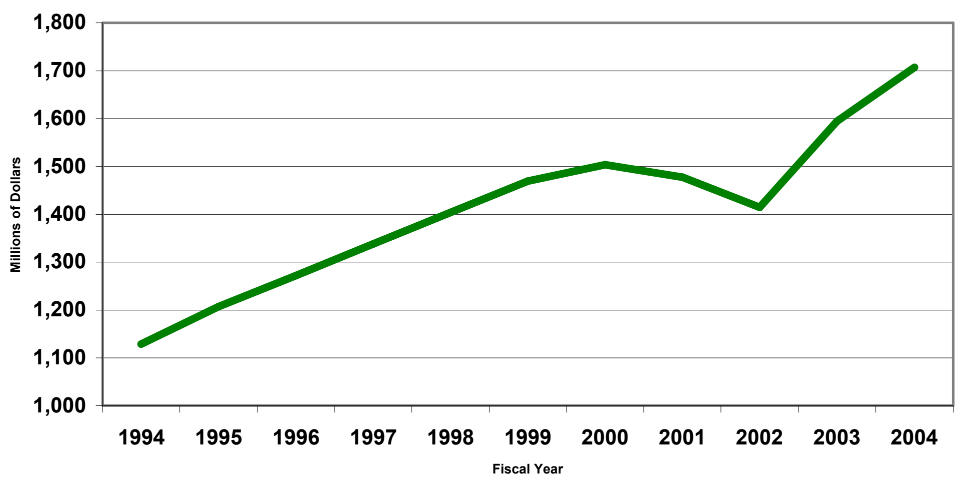


Source: Indiana State Budget Agency.

Over the 10 year period, revenue growth averaged 5% per year. As a result of the 2001 recession, FY 2001 revenue growth was negative, with collections falling by 1%. In FY 2002, the decline was more severe at 3.8%.

In FY 1994, tax revenue to support the General Fund and Property Tax Replacement Fund budget was $1,128 on a per capita basis. By FY 2004, the per capita amount had risen to $1,707, a 51% increase. From FY 2000 to FY 2002, per capita tax revenue dropped from $1,504 to $1,414, a 6% decrease that corresponded with the impact of the 2001 recession (See Figure 2).

Figure 2. Per Capita
General Fund and Property Tax Replacement Fund Revenue
1994 to 2004



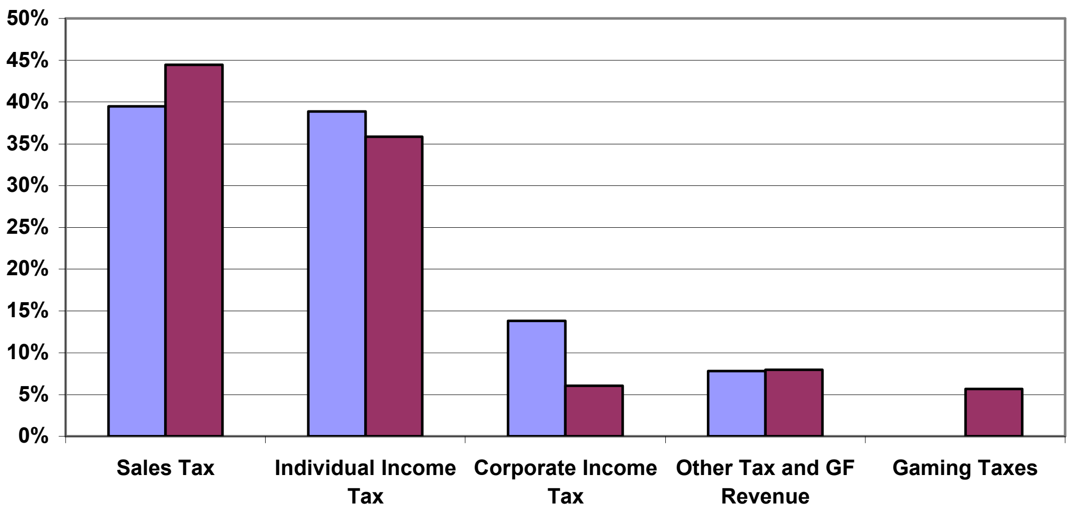
Source: Indiana State Budget Agency, Stats Indiana, U.S. Bureau of the Census, Commission Calculations.

Indiana's tax structure has changed over the 10-year period, as well. In 1994, sales and income taxes were virtually equal in the share of tax revenue collected by the state at about 39%.

Corporate income taxes generated another 14% with miscellaneous licenses and fees responsible for about 8% of total revenue.

In FY 2004, due in part to the 1% rate increase in the sales tax in 2002 (from 5% to 6%), the sales tax generated over 44% of the State's revenue. Income taxes, due to both the impact of the economy and significant tax cuts in the 1990s,[2] fell to a 36% share. The share of total revenue generated by corporate taxes, due again to the economy and a major restructuring of corporate taxes in the 2002 Session, decreased to 6%. Miscellaneous licenses and fees were still 8% of the total. Gaming taxes were added to the general fund revenue stream in FY 2003 and became nearly 6% of the total in FY 2004 (See Figure 3).

Figure 3. State Taxes as Percent Share of Total State Revenue
General Fund and Property Tax Replacement Fund
1994 and 2004



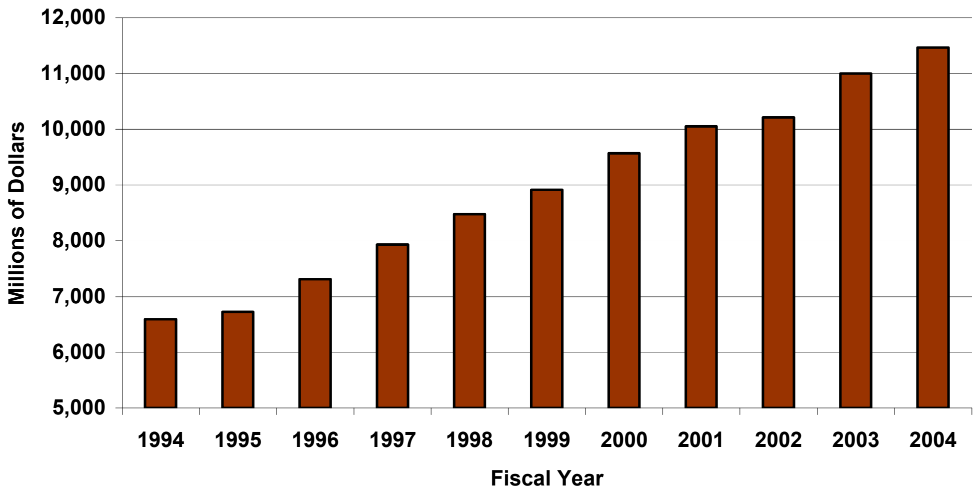
Source: Indiana State Budget Agency

Appropriations History 1994 to 2004:

Figure 4 presents budgeted appropriations for FY 1994 to 2004. [Note these are appropriation, not expenditures]. In 1994, appropriations totaled $6,589 million. By 2004, appropriations had grown to $11,280 million. Over the 10 year period, appropriations increased by an annual average of 5.5%. Even during the recession-impacted years of 2002, 2003, and 2004, appropriations grew by 2%, 8%, and 2%, respectively.

[2] The General Assembly passed income tax cuts for dependents, the elderly, renters, and those paying property taxes in the 1997 and 1999 sessions.

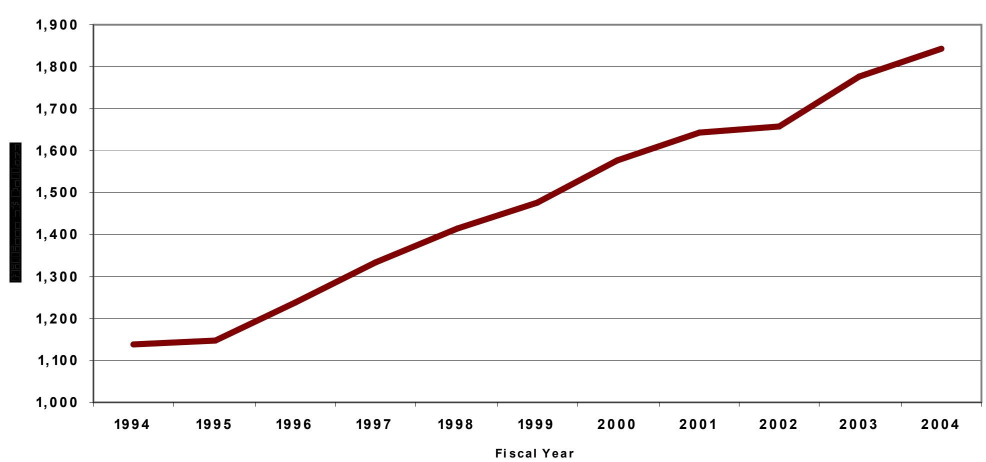
Figure 4. Total State Appropriations
General Fund and Property Tax Replacement Fund
Fiscal Years 1994 to 2004



Source: Indiana State Budget Agency

In FY 1994, appropriations were, in total, $1,137 on a per capita basis. By FY 2004, the per capita amount had risen to $1,844, a 62% increase. Even during the recessionary period from FY 2000 to FY 2002, per capita appropriations increased from $1,574 to $1,659, a 5% increase (See Figure 5).

Figure 5. Per Capita
General Fund and Property Tax Replacment Fund Expenditures
1994 to 2004



Source: Indiana State Budget Agency, Stats Indiana, U.S. Bureau of the Census, Commission Calculations.

As Table 1 presents, highest among Indiana's spending priorities is K-12 education, which now requires over one-third of Indiana's tax revenue. In FY 2004, nearly $4 billion was appropriated for this function. Citizens have said through their elected legislature that improving the educational quality of local schools is first and foremost. It is wrongly presumed that more money buys higher quality education, yet the public seems unwilling to change that assumption.

Table 1. Appropriations for Budget Categories – FY 1994 and 2004

Appropriation Category	FY 1994	FY 2004	Cumulative Share of Total	Percent Increase '94 ->'04
K-12 Education	2,499.1	3,948.0	34%	58%
Property Tax Replacement	691.6	2,156.0	47%	212%
Higher Education	996.6	1,474.4	58%	48%
Medicaid	880.4	1,266.4	77%	44%
Other FSSA & Health	568.8	767.4	84%	35%
Correction	323.0	589.3	89%	82%
Teachers' Pensions	221.7	495.5	93%	124%
Other	346.0	567.5	98%	64%
Capital	62.0	206.0	100%	232%
Total	6,589.2	11,470.5		74%

Source: Indiana State Budget Agency

The second priority, in FY 2004, is property tax relief. For three decades Hoosiers have asked the General Assembly for that relief and lawmakers have responded. Since FY 1994, the appropriation that goes to reduce taxpayer's property taxes has increased from $692 million to nearly $2.2 billion in FY 2004. This amounts to more than a 300% increase. Just as recently as 2002, the legislature increased taxes in order to dedicate that new revenue to replacing even more of the local property tax liability. It seems unlikely that homeowners and businesses will be willing to have property taxes increase in order for the state to balance its budget on their backs.

In 1994, property tax relief was the fourth highest priority, behind both higher education and Medicaid. After the last decade of increased emphasis on lowering property taxes, higher education funding is the third budget priority and Medicaid is now fourth.

While higher education's citizen constituency support is not as broad as the constituencies of K-12 education and property owners, higher education is seen as the fuel for the economic engines of Indiana. Particularly, if new economic sectors are to be created and expand as the traditional manufacturing base slowly erodes, university resources are seen as the primary generators of the knowledge base necessary for fostering new economic growth. Appropriations for higher education have increased by 48% since 1994, from just under $1 billion to nearly $1.5 billion.

Medicaid is a shared fiscal responsibility between the state and federal governments, and like health care expenditures in the private sector, it has proven difficult to control given the increases in health care costs. In the last 10 years, Medicaid appropriations have increased from $880 million to nearly $1.3 billion, a 44% increase.

In less than a decade the baby boomers will begin to retire and the assumption is that primary care, hospital care, pharmaceuticals, and long-term care expenditures will increase as that generation continues to age. If other health care appropriations, such as those for mental health and developmental disabilities, are combined with Medicaid, then health care and related appropriations are greater than those for higher education.

These first four budget priorities plus other healthcare and social service appropriations require 84% of the State's FY 2004 General Fund and Property Tax Replacement Fund budget resources.

Many would argue that correction and teacher's pensions are high priorities, as well. The General Assembly has heard the angst of communities and neighborhoods regarding safety and security and has created new crimes and increased penalties for existing ones. The result is ever increasing expenditures for construction of new prisons and the operating costs that go with them.

The final high priority call on Indiana's tax resources is the appropriation to support the long term unfunded liability of the Teachers Retirement Fund. This benefit was created decades ago by legislators now long gone from the State House, but the obligation continues. And that obligation will continue to grow for years to come as the teachers hired four and five decades ago retire and live to be octogenarians. It is a commitment that will be met.

Combined, these two additional priorities received more than $1 billion of appropriations in FY 2004. Altogether, these top six, with Medicaid and other health care and social services taken as one, priorities consume 93% of the State's General Fund and Property Tax Replacement Fund budget.

After these priorities are funded, the remaining tax resources support the "other" category. The "other" category includes appropriations that support programs for environmental management, natural resources, economic development, and public safety, to name a few. In addition, these remaining functions include most capital construction and maintenance, repayment of much of the State's non-transportation debt, the entire legislative and judicial branches of state government and much of the administrative infrastructure of the executive branch, including tax collection.

The Budgetary Challenge

The challenge is that the tax dollars needed to fund these "other" programs and functions are less than the present structural deficit facing the Governor and the legislature. Even if state government shut down permanently tomorrow and eliminated the structural deficit, serious issues would remain. Rebuilding the reserves depleted in the recent recession, rolling back the payment delays to local schools and local government, and funding even simple inflationary increases in the core priorities would leave Indiana's baseline budget in a negative position for years to come.

GENERAL ASSEMBLY CREATES GOVERNMENT EFFICIENCY COMMISSION

The Indiana General Assembly created the Government Efficiency Commission [Appendix A for copy of Bill] in 2003 to study this fiscal imbalance. The Commission was to report and make recommendations to the Governor and to the General Assembly no later than December 31, 2004. This is that report.

The enabling legislation stipulated that the Commission's work be focused in four sub-committee areas:

1. K-12 – headed by David Shane – represents approximately 34% of the FY 2004 appropriations.
2. Higher Education – headed by Tom Reilly – represents approximately 13% of FY 2004 appropriations.
3. Medicaid and Human Services – headed by Kevin Brinegar – represents approximately 18% of FY 2004 appropriations.
4. General Government – headed by Steve Baranyk – represents approximately 10% of FY 2004 appropriations.

Note: The remaining 25% of FY 2004 appropriations are in Property Tax Replacement, Teacher Pensions, and Capital Categories

The Act creating the Commission specifically charged it with making recommendations to the Governor and General Assembly on ways to improve the functions, efficiencies and reduce waste on other unnecessary cost associated with any state funded agency, department or program. Senate President Pro Tempore Robert Garton stated, "The Government Efficiency Commission will prove to be an integral part of our mission to improve state government." Speaker Patrick Bauer stated, "The Government Efficiency Commission is to be the starting point for a study of state operation, resulting in a model for providing effective government services at an affordable cost.

The 25 members of the Commission have focused on these charges. There were a total of approximately 12,070 volunteer hours and dozens of meetings devoted to studying the operations and effectiveness of state government and in finding ways to reduce cost. The private sector furnished approximately 540,350 dollars to the effort in the form of paid research, member travel, pro bono services and other not refunded expenses. [Appendix B].

Because the Government Efficiency Commission was not funded by legislature, a request for funds in the amount of $500,000 was made [Appendix C]. Although the amount of funding requested and needed was not forthcoming, a fund of $50,000 was established that was restrictive and cumbersome to use. This lack of adequate state funding prevented the subcommittees, especially General Government, from more thoroughly documenting the effects of the recommendations with regard to dollar savings, and efficiencies measured. It also limited the development of more specific wording for suggested legislation and administrative changes to implement the recommendations.

Previous efforts to make government more efficient, more effective, and less costly from both the public and private sectors were taken into consideration. The sub-committees and their volunteers contacted officials in other states in an effort to learn "best practices" from them. Literally hundreds of interviews were conducted with State employees and private sector persons. The Commission would like to express our profound appreciation to all those who participated in the interviews, especially those from the State administration.

Much more needs to be done. A dramatic example of government reorganization can be found in the New Zealand Effort. It is an epic accomplishment in reforming government structure and finances. Although we are not advocating such radical change, it is felt that the attached article, from a speech given at Hillsdale College, on New Zealand accomplishments in government restructuring merits reading and thought [Appendix D].

The Government Efficiency Commission goes out of existence on January 1, 2005. The Commission strongly recommends that a permanent commission, department, or agency of State Government be created <u>and funded.</u> This body would carry on the work of making Indiana State Government more efficient, effective, and less costly. This current Government Efficiency Commission has left work undone in most all areas but especially in General Government. The State of Florida's ongoing effort could be used as a model [Appendix E]. Florida's program has paid for itself many times over and merits studying. Also see the news release on California's restructuring effort and Minnesota's commission on reform and efficiency program. [Appendix F]. In addition our Commission feels it is important to support the study on local government efficiency and effectiveness in Indiana in view of the property tax changes here.

Each of our subcommittees operated independently and is responsible for the content of their report. One of the weak points of the Commission, as previously stated, was the lack of funding in some subcommittees, especially General Government. This funding was needed to provide impact studies to validate the forecasted financial and service efficiencies resulting from the implementation of the recommendation.

The four sub-committees will each separately present its report and recommendations. All reports will be presented in the State Capitol Building room 125 on four separate days. The report and recommendations start with the K-12 sub-committee on November 8th at 10:30 a.m. Higher Education will be presented on November 11th at 10:30 a.m. General Government will be presented on November 15th at 9:30 a.m. Medicaid and Human Services will be presented on November 18th at 10:30 a.m. The Commission's entire report can be accessed on the internet at http://www.in.gov/legislative/interim/committee/geff.html.

Indiana's financial future is bleak and we must move forward. This report calls for strong actions, many of them long-term structural changes. These actions must begin by being on the General Assembly agenda for the 2005 session. The Governor must align his priorities, putting financial concerns, organizational changes, and solutions at the top of his list. Our State's financial problems are severe enough to require the immediate attention of all of us.

An alert must be sounded for the citizens of Indiana, too. *Hoosiers can solve their tax and revenue problems only if we have the collective will to do so.* We believe that the will is there. Now is the time for all of us to come together, and for our Governor, Senators, and

Representatives to solve the financial and organizational problems of State Government. We sincerely hope that this report will facilitate the process of building a better future for Indiana and all its citizens.

A list of all the Commission members is attached [Appendix G] along with their resume (Appendix H). The Co-Chairs cannot express enough appreciation for the time, effort, personal commitment and financial sacrifice these Hoosiers, especially the subcommittee chairs, gave to their state while working on this Government Efficiency Commission.

Respectfully submitted this 8th day of November, 2004

John A. Hillenbrand II Co-Chair	James K. Baker Co-Chair

List of Appendices

APPENDIX A

Legislation Creating Government Efficiency Commission

HE 1001-2003

SECTION 244. [EFFECTIVE JULY 1, 2003] (a) As used in this SECTION, "commission" refers to the government efficiency commission established by subsection (c).

(b) As used in this SECTION, "state educational institution" has the meaning set forth in IC 20-12-0.5-1.

(c) The government efficiency commission is established.

(d) The commission consists of the following members:

(1) One (1) co-chairperson appointed before July 16, 2003, by the president pro tempore of the senate.

(2) One (1) co-chairperson appointed before July 16, 2003, by the speaker of the house of representatives.

(3) Ten (10) members appointed before August 16, 2003, by the president pro tempore of the senate, five (5) of those members appointed with the advice and consent of the minority leader of the senate.

(4) Ten (10) members appointed before August 16, 2003, by the speaker of the house of representatives, five (5) of those members appointed with the advice and consent of the minority leader of the house of representatives.

(e) The following may not be members of the commission:

(1) An elected or appointed state or local official.

(2) An employee or a person receiving a pension or other retirement benefit related to service to any of the following:

(A) A state educational institution.

(B) A school corporation or a charter school.

(C) The state or any agency of the state.

(3) A person who has a direct business relationship with any of the following:

(A) A state educational institution.

(B) A public school corporation.

(C) The state or any agency of the state.

(D) An elected or appointed state agency official.

(E) The general assembly or any of its members.

(f) A member of the commission is not entitled to a salary per diem.

(g) A member of the commission is entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the legislative council's travel policies and procedures.

(h) The commission shall meet upon the call of the co-chairpersons.

(i) The co-chairpersons may advise the president pro tempore of the senate, the minority leader of the senate, the speaker of the house of representatives, and the minority leader of the house of representatives concerning the appointment of other members of the commission.

(j) A quorum of the commission must be present to conduct business. A quorum consists of a majority of the voting members appointed to the commission.

(k) The commission may not take an official action unless the official action has been approved by at least a majority of the voting members appointed to serve on the commission.

(l) The co-chairpersons shall establish and appoint commission members to four (4) subcommittees as follows:

(1) The K-12 education subcommittee.

(2) The higher education subcommittee.

(3) The Medicaid and human services subcommittee.

(4) The general government subcommittee.

(m) The co-chairpersons shall name the chairperson of each subcommittee.

(n) The commission shall do the following:

(1) Review all state funded agencies, departments, and programs.

(2) Make recommendations to improve efficiency and reduce waste or other unnecessary costs associated with any state funded agency, department, or program.

(o) The commission may accept donations to carry out the purposes of this SECTION.

(p) The following persons shall serve as staff advisers to the commission:

(1) The state budget director.

(2) The commissioner of the commission for higher education.

(3) The Indiana state board of education administrator.

(4) The executive director of the legislative services agency.

(q) The commission shall provide its final recommendations before December 31, 2004, to the following:

(1) The governor.

(2) The general assembly.

(r) This SECTION expires January 1, 2005.

APPENDIX B

Recap of Hours & Private Dollars by Subcommittee

	Co-Chairs	Higher Education	K Thru 12	Medicaid & Human Services	General Government
Hours Spent	640	1,910 Task Team 550 Hours Gov. Agency 800 Hours Consultant 560 Hours	1,575 Task Team 600 Hours Gov. Agency 175 Hours Consultant 800 Hours	745	7,200 Task Team 4,800 Hours Gov. Agency 2,400 Hours
# People Involved Continually	3	16	8	11	35
Money/ Pro Bono Service Received/Unreimbursed Expenses	$13,210	$127,850	$125,500	$264,655	$9,135

APPENDIX C

Fund Requested From General Assembly

GOVERNMENT EFFICIENCY COMMISSION

There is a definite need for two kinds of resources: people and money.

On the people side, we have received good responses from corporations, law firms, and CPA firms to our requests for loaning us people who can help the sub-committees cover all the necessary bases of our study. At this time, we believe we will develop adequate people resources.

The money resources are more troublesome. We have kept in close contact with our sub-committee chairs and conclude the following:

Consultant services for Higher Education study - $150,000 – this has been funded by the Central Indiana Corporate Partnership (CICP).

Consultant services for Medicaid study – again the CICP has previously engaged a nationally known consultant in this area, and have indicated to us that they would be willing to share this $200,000 study with us.

Consultant services for Prisons and Corrections, for K – 12, and for studying the flow of Federal funding – in total estimated at $360,000 – we have no available sources for this study.

Consultant services for FSSA – estimated at $100,000 – we have no available sources for this study.

Travel expenses, including hotel rooms and meals, for sub-committee chairs and members to visit other states that have shown progress in improving services/reducing expenses - $20,000.

Travel expenses for "experts" from other states to come here and share their experiences with one of our sub-committees - $20,000.

(The Indiana foundations [Lilly Endowment, e.g.] are not permitted by law to contribute funds or human resources for political studies, even if total bi-partisanship can be shown. This normally reliable pool of funds, therefore, cannot participate with our Commission.)

IN ORDER FOR OUR RECOMMENDATIONS TO HAVE ANY VALIDITY TO THEM MUST BACK EACH RECOMMENDATION WITH IMPACT STUDIES THAT SHOW FINANCIAL AND SERVICE EFFECTS RESULTING FROM THE IMPLEMENTATION OF THE RECOMMENDATION. TO DO THIS WE MUST HAVE THE RESOURCES TO PRODUCE THESE STUDIES.

In total, we forecast the need for $500,000 to thoroughly and properly study the main areas of the Indiana appropriations. We request an early approval of this amount so that it can be put to use in a timely manner.

JAH II JKB

APPENDIX D

Article Summarizing New Zealand Government Restructuring

Hillsdale College
April Imprimis
Rolling Back Government: Lessons from New Zealand

Maurice P. McTigue

Maurice P. McTigue is a distinguished visiting scholar at the Mercatus Center at George Mason University, where he directs the government accountability project. Previously, he was a member of the New Zealand Parliament and New Zealand's ambassador to Canada, and was closely involved in New Zealand's deregulation of labor markets, deregulation of the transportation industry, and restructuring of the fishing industry through the creation of conservation incentives. He also served as Minister of Employment, Minister of State Owned Enterprises, Minister of Railways, Minister of Works and Development, Minister of Labour and Minister of Immigration. Among his many honors, Mr. McTigue is a recipient of the Queen's Service Order, bestowed by Queen Elizabeth II in a ceremony at Buckingham Palace. In the U.S., he was recently appointed to the Office of Personnel Management Senior Review Committee, formed to make recommendations for human resources systems at the Department of Homeland Security. He also sits on the Performance Management Advisory Committee for the Commonwealth of Virginia.

The following is adapted from a lecture delivered on February 11, 2004, on the Hillsdale campus, durin five-day seminar on "The Conditions of Free-Market Capitalism," co-sponsored by the Center for Constr Alternatives and the Ludwig von Mises Lecture Series.

Rolling Back Government: Lessons from New Zealand

If we look back through history, growth in government has been a modern phenomenon. Beginning in the 1850s and lasting until the 1920s or '30s, the government's share of GDP in most of the world's industrialized economies was about six percent. From that period onwards – and particularly since the 1950s – we've seen a massive explosion in government share of GDP, in some places as much as 35-45 percent. (In the case of Sweden, of course, it reached 65 percent, and Sweden nearly self-destructed as a result. It is now starting to dismantle some of its social programs to remain economically viable.) Can this situation be halted or even rolled back? My view, based upon personal experience, is that the answer is "yes." But it requires high levels of transparency and significant consequences for bad decisions – and these are not easy things to bring about.

What we're seeing around the world at the moment is what I would call a silent revolution, reflected in a change in how people view government accountability. The old idea of accountability simply held that government should spend money in accordance with appropriations. The new accountability is based on asking, "What did we get in public benefits as a result of the expenditure of money?" This is a question that has always been asked in business, but has not been the norm for governments. And those governments today that are struggling valiantly with this question are showing quite extraordinary results. This was certainly the basis of the successful reforms in my own country of New Zealand.

New Zealand's per capita income in the period prior to the late 1950s was right around number three in the world, behind the United States and Canada. But by 1984, its per capita income had sunk to 27th in the world, alongside Portugal and Turkey. Not only that, but our unemployment rate was 11.6 percent, we'd had 23 successive years of deficits (sometimes ranging as high as 40 percent of GDP), our debt had grown to 65 percent of GDP, and our credit ratings were continually being downgraded. Government spending was a full 44 percent of GDP, investment capital was exiting in huge quantities, and government controls and micromanagement were pervasive at every level of the economy. We had foreign exchange controls that meant I couldn't buy a subscription to The Economist magazine without the permission of the Minister of Finance. I couldn't buy shares in a foreign company without surrendering my citizenship. There were price controls on all goods and services, on all shops and on all service industries. There were wage controls and wage freezes. I couldn't pay my employees more – or pay them bonuses – if I wanted to. There were import controls on the goods that I could bring into the country. There were massive levels of subsidies on industries in order to keep them viable. Young people were leaving in droves.

Spending and Taxes

When a reform government was elected in 1984, it identified three problems: too much spending, too much taxing and too much government. The question was how to cut spending and taxes and diminish government's role in the economy. Well, the first thing you have to do in this situation is to figure out what you're getting for dollars spent. Towards this end, we implemented a new policy whereby money wouldn't simply be allocated to government agencies; instead, there would be a purchase contract with the senior executives of those agencies that clearly delineated what was expected in return for the money. Those who headed up government agencies were now chosen on the basis of a worldwide search and received term contracts – five years with a possible extension of another three years. The only ground for their removal was non-performance, so a newly-elected government couldn't simply throw them out as had happened with civil servants under the old system. And of course, with those kinds of incentives, agency heads – like CEOs in the private sector – made certain that the next tier of people had very clear objectives that they were expected to achieve as well.

The first purchase that we made from every agency was policy advice. That policy advice was meant to produce a vigorous debate between the government and the agency heads about how to achieve goals like reducing hunger and homelessness. This didn't mean, by the way, how government could feed or house more people – that's not important. What's important is the extent to which hunger and homelessness are actually reduced. In other words, we made it clear that what's important is not how many people are on welfare, but how many people get off welfare and into independent living.

As we started to work through this process, we also asked some fundamental questions of the agencies. The first question was, "What are you doing?" The second question was, "What should you be doing?" Based on the answers, we then said, "Eliminate what you shouldn't be doing" – that is, if you are doing something that clearly is not a responsibility of the government, stop doing it. Then we asked the final question: "Who should be paying – the taxpayer, the user, the consumer, or the industry?" We asked this because, in many instances, the taxpayers were subsidizing things that did not benefit them. And if you take the cost of services away from actual consumers and users, you promote overuse and devalue whatever it is that you're doing.

When we started this process with the Department of Transportation, it had 5,600 employees. When we finished, it had 53. When we started with the Forest Service, it had 17,000 employees. When we finished, it had 17. When we applied it to the Ministry of Works, it had 28,000 employees. I used to be Minister of Works, and ended up being the only employee. In the latter case, most of what the department did was construction and engineering, and there are plenty of people who can do that without government involvement. And if you say to me, "But you killed all those jobs!" – well, that's just not true. The government stopped employing people in those jobs, but the need for the jobs didn't disappear. I visited some of the forestry workers some months after they'd lost their government jobs, and they were quite happy. They told me that they were now earning about three times what they used to earn – on top of which, they were surprised to learn that they could do about 60 percent more than they used to! The same lesson applies to the other jobs I mentioned.

Some of the things that government was doing simply didn't belong in the government. So we sold off telecommunications, airlines, irrigation schemes, computing services, government printing offices, insurance companies, banks, securities, mortgages, railways, bus services, hotels, shipping lines, agricultural advisory services, etc. In the main, when we sold those things off, their productivity went up and the cost of their services went down, translating into major gains for the economy. Furthermore, we decided that other agencies should be run as profit-making and tax-paying enterprises by government. For instance, the air traffic control system was made into a stand-alone company, given instructions that it had to make an acceptable rate of return and pay taxes, and told that it couldn't get any investment capital from its owner (the government). We did that with about 35 agencies. Together, these used to cost us about one billion dollars per year; now they produced about one billion dollars per year in revenues and taxes.

We achieved an overall reduction of 66 percent in the size of government, measured by the number of employees. The government's share of GDP dropped from 44 to 27 percent. We were now running surpluses, and we established a policy never to leave dollars on the table: We knew that if we didn't get rid of this money, some clown would spend it. So we used most of the surplus to pay off debt, and debt went from 63 percent down to 17 percent of GDP. We used the remainder of the surplus each year for tax relief. We reduced income tax rates by half and eliminated incidental taxes. As a result of these policies, revenue increased by 20 percent. Yes, Ronald Reagan was right: lower tax rates do produce more revenue.

Subsidies, Education, and Competitiveness

......What about invasive government in the form of subsidies? First, we need to recognize that the main problem with subsidies is that they make people dependent; and when you make people dependent, they lose their innovation and their creativity and become even more dependent.

Let me give you an example: By 1984, New Zealand sheep farming was receiving about 44 percent of its income from government subsidies. Its major product was lamb, and lamb in the international marketplace was selling for about $12.50 (with the government providing another $12.50)per carcass. Well, we did away with all sheep farming subsidies within one year. And of course the sheep farmers were unhappy. But once they accepted the fact that the subsidies weren't coming back, they put together a team of people charged with figuring out how they could get $30 per lamb carcass. The team reported back that this would be difficult, but not impossible. It required producing an entirely different product, processing it in a different way and selling it in different markets. And within two years, by 1989, they had succeeded in converting their $12.50 product into something worth $30. By 1991, it was worth $42; by 1994 it was worth $74; and by 1999 it was worth $115. In other words, the New Zealand sheep industry went out into the marketplace and found people who would pay higher prices for its product. You can now go into the best restaurants in the U.S. and buy New Zealand lamb, and you'll be paying somewhere between $35 and $60 per pound.

Needless to say, as we took government support away from industry, it was widely predicted that there would be a massive exodus of people. But that didn't happen. To give you one example, we lost only about three-quarters of one percent of the farming enterprises – and these were people who shouldn't have been farming in the first place. In addition, some predicted a major move towards corporate as opposed to family farming. But we've seen exactly the reverse. Corporate farming moved out and family farming expanded, probably because families are prepared to work for less than corporations. In the end, it was the best thing that possibly could have happened. And it demonstrated that if you give people no choice but to be creative and innovative, they will find solutions.

New Zealand had an education system that was failing as well. It was failing about 30 percent of its children – especially those in lower socio-economic areas. We had put more and more money into education for 20 years, and achieved worse and worse results.

It cost us twice as much to get a poorer result than we did 20 years previously with much less money. So we decided to rethink what we were doing here as well. The first thing we did was to identify where the dollars were going that we were pouring into education. We hired international consultants (because we didn't trust our own departments to do it), and they reported that for every dollar we were spending on education, 70 cents was being swallowed up by administration. Once we heard this, we immediately eliminated all of the Boards of Education in the country. Every single school came under the control of a board of trustees elected by the parents of the children at that school, and by nobody else. We gave schools a block of money based on the number of students that went to them, with no strings attached. At the same time, we told the parents that they had an absolute right to choose where their children would go to school. It is absolutely obnoxious to me that anybody would tell parents that they must send their children to a bad school. We converted 4,500 schools to this new system all on the same day.

But we went even further: We made it possible for privately owned schools to be funded in exactly the same way as publicly owned schools, giving parents the ability to spend their education dollars wherever they chose. Again, everybody predicted that there would be a major exodus of students from the public to the private schools, because the private schools showed an academic advantage of 14 to 15 percent. It didn't happen, however, because the differential between schools disappeared in about 18-24 months. Why? Because all of a sudden teachers realized that if they lost their students, they would lose their funding; and if they lost their funding, they would lose their jobs. Eighty-five percent of our students went to public schools at the beginning of this process. That fell to only about 84 percent over the first year or so of our reforms. But three years later, 87 percent of the students were going to public schools. More importantly, we moved from being about 14 or 15 percent below our international peers to being about 14 or 15 percent above our international peers in terms of educational attainment.

Now consider taxation and competitiveness: What many in the public sector today fail to recognize is that the challenge of competitiveness is worldwide. Capital and labor can move so freely and rapidly from place to place that the only way to stop business from leaving is to make certain that your business climate is better than anybody else's. Along these lines, there was a very interesting circumstance in Ireland just two years ago. The European Union, led by France, was highly critical of Irish tax policy – particularly on corporations – because the Irish had reduced their tax on corporations from 48 percent to 12 percent and business was flooding into Ireland. The European Union wanted to impose a penalty on

Ireland in the form of a 17 percent corporate tax hike to bring them into line with other European countries. Needless to say, the Irish didn't buy that. The European community responded by saying that what the Irish were doing was unfair and uncompetitive. The Irish Minister of Finance agreed: He pointed out that Ireland was charging corporations 12 percent, while charging its citizens only 10 percent. So Ireland reduced the tax rate to 10 percent for corporations as well. There's another one the French lost!

When we in New Zealand looked at our revenue gathering process, we found the system extremely complicated in a way that distorted business as well as private decisions. So we asked ourselves some questions: Was our tax system concerned with collecting revenue? Was it concerned with collecting revenue and also delivering social services? Or was it concerned with collecting revenue, delivering social services and changing behavior, all three? We decided that the social services and behavioral components didn't have any place in a rational system of taxation. So we resolved that we would have only two mechanisms for gathering revenue – a tax on income and a tax on consumption – and that we would simplify those mechanisms and lower the rates as much as we possibly could. We lowered the high income tax rate from 66 to 33 percent, and set that flat rate for high-income earners. In addition, we brought the low end down from 38 to 19 percent, which became the flat rate for low-income earners. We then set a consumption tax rate of 10 percent and eliminated all other taxes – capital gains taxes, property taxes, etc. We carefully designed this system to produce exactly the same revenue as we were getting before and presented it to the public as a zero sum game. But what actually happened was that we received 20 percent more revenue than before. Why? We hadn't allowed for the increase in voluntary compliance. If tax rates are low, taxpayers won't employ high priced lawyers and accountants to find loopholes. Indeed, every country that I've looked at in the world that has dramatically simplified and lowered its tax rates has ended up with more revenue, not less.

What about regulations? The regulatory power is customarily delegated to non-elected officials who then constrain the people's liberties with little or no accountability. These regulations are extremely difficult to eliminate once they are in place. But we found a way: We simply rewrote the statutes on which they were based. For instance, we rewrote the environmental laws, transforming them into the Resource Management Act – reducing a law that was 25 inches thick to 348 pages. We rewrote the tax code, all of the farm acts, and the occupational safety and health acts. To do this, we brought our brightest brains together and told them to pretend that there was no pre-existing law and that they should create for us the best possible environment for industry to thrive. We then marketed it in terms of what it would save in taxes. These new laws, in effect, repealed the old, which meant that all existing regulations died – the whole lot, every single one.

Thinking Differently About Government

What I have been discussing is really just a new way of thinking about government. Let me tell you how we solved our deer problem: Our country had no large indigenous animals until the English imported deer for hunting. These deer proceeded to escape into the wild and become obnoxious pests. We then spent 120 years trying to eliminate them, until one day someone suggested that we just let people farm them. So we told the farming community that they could catch and farm the deer, as long as they would keep them inside eight-foot high fences. And we haven't spent a dollar on deer eradication from that day onwards. Not one. And New Zealand now supplies 40 percent of the world market in venison. By applying simple common sense, we turned a liability into an asset.

Let me share with you one last story: The Department of Transportation came to us one day and said they needed to increase the fees for driver's licenses. When we asked why, they said that the cost of relicensing wasn't being fully recovered at the current fee levels. Then we asked why we should be doing this sort of thing at all. The transportation people clearly thought that was a very stupid question: Everybody needs a driver's license, they said. I then pointed out that I received mine when I was fifteen and asked them: "What is it about relicensing that in any way tests driver competency?" We gave them ten days to think this over. At one point they suggested to us that the police need driver's licenses for identification purposes. We responded that this was the purpose of an identity card, not a driver's license. Finally they admitted that they could think of no good reason for what they were doing – so we abolished the whole process! Now a driver's license is good until a person is 74 years old, after which he must get an annual medical test to ensure he is still competent to drive. So not only did we not need new fees, we abolished a whole department. That's what I mean by thinking differently.

There are some great things happening along these lines in the United States today. You might not know it, but back in 1993 Congress passed a law called the Government Performance and Results Act. This law orders government departments to identify in a strategic plan what it is that they intend to achieve, and to report each year what they actually did achieve in terms of public benefits. Following on this, two years ago President Bush brought to the table something called the President's Management Agenda, which sifts through the information in these reports and decides how to respond. These mechanisms are promising if they are used properly. Consider this: There are currently 178 federal programs designed to help people get back to work. They cost $8.4 billion, and 2.4 million people are employed as a result of them. But if we took the most effective three programs out of those 178 and put the $8.4 billion into them alone, the result would likely be that 14.7 million people would find jobs. The status quo costs America over 11 million jobs. The kind of new thinking I am talking about would build into the system a consequence for the administrator who is responsible for this failure of sound stewardship of taxpayer dollars. It is in this direction that the government needs to move.

APPENDIX E
Outline of Florida Permanent Efficiency Efforts

The first part of Appendix E is provided in Powerpoint format as well as Adobe Portable Document format.
See Appendix E.ppt or Appendix E.pdf

FLORIDA OPPAGA

FLORIDA EFFICIENCY AGENCY

11.51 Office of Program Policy Analysis and Government Accountability.--

(1) There is hereby created the Office of Program Policy Analysis and Government Accountability as a unit of the Office of the Auditor General appointed pursuant to s. 11.42. The office shall perform independent examinations, program reviews, and other projects as provided by general law, as provided by concurrent resolution, or as directed by the Legislative Auditing Committee, and shall provide recommendations, training, or other services to assist the Legislature.

(2) The Office of Program Policy Analysis and Government Accountability is independent of the Auditor General appointed pursuant to s. 11.42 for purposes of general policies established by the Legislative Auditing Committee.

(3) The Office of Program Policy Analysis and Government Accountability shall maintain a schedule of examinations of state programs.

(4) The Office of Program Policy Analysis and Government Accountability is authorized to examine all entities and records listed in s. 11.45(3)(a).

(5) At the conclusion of an examination, the designated representative of the director of the Office of Program Policy Analysis and Government Accountability shall discuss the examination with the official whose office is examined and submit to that official the Office of Program Policy Analysis and Government Accountability's preliminary findings. If the official is not available for receipt of the preliminary findings, clearly designated as such, delivery thereof is presumed to be made when it is delivered to his or her office. Whenever necessary, the Office of Program Policy Analysis and Government Accountability may request the official to submit his or her written statement of explanation or rebuttal within 15 days after the receipt of the findings. If the response time is not requested to be within 15 days, the official shall submit his or her response within 30 days after receipt of the preliminary findings.

(6) No later than 18 months after the release of a report of the Office of Program Policy Analysis and Government Accountability, the agencies that are the subject of that report shall provide data and other information that describes with specificity what the agencies have done to respond to the recommendations contained in the report. The Office of Program Policy Analysis and Government Accountability may verify the data and information provided by the agencies. If the data and information provided by the agencies are deemed sufficient and accurate, the Office of Program Policy Analysis and Government Accountability shall report to the Legislative Auditing Committee and to the legislative standing committees concerned with the subject areas of the audit. The report shall include a summary of the agencies' responses, the evaluation of those responses, and any recommendations deemed to be appropriate.

11.511 Director of the Office of Program Policy Analysis and Government Accountability; appointment; employment of staff; powers and duties.--

(1)(a) The Legislative Auditing Committee shall appoint a director of the Office of Program Policy Analysis and Government Accountability by majority vote of the committee, subject to confirmation by a majority vote of the Senate and the House of Representatives. At the time of appointment, the director must have had 10 years' experience in policy analysis and program evaluation. The reappointment of a director is subject to confirmation by a majority vote of the Senate and the House of Representatives. The Legislative Auditing Committee may appoint an interim director.

(b) The appointment of the director may be terminated at any time by a majority vote of the Senate and the House of Representatives.

(2)(a) The director shall take and subscribe to the oath of office required of state officers by the State Constitution.

(b) Until such time as each house confirms the appointment of the director, the appointee shall perform the functions as provided by law.

(3)(a) The director shall make all spending decisions under the annual operating budget approved by the President of the Senate and the Speaker of the House of Representatives. The director shall employ and set the compensation of such professional, technical, legal, and clerical staff as may be necessary to fulfill the responsibilities of the Office of Program Policy Analysis and Government Accountability, in accordance with the joint policies and procedures of the President of the Senate and the Speaker of the House of Representatives, and may remove these personnel. The staff must be chosen to provide a broad background of experience and expertise and, to the maximum extent possible, to represent a range of disciplines that includes law, engineering, public administration, environmental science, policy analysis, economics, sociology, and philosophy.

(b) An officer or full-time employee of the Office of Program Policy Analysis and Government Accountability may not serve as the representative of any political party or on any executive committee or other governing body thereof; receive remuneration for activities on behalf of any candidate for public office; or engage, on behalf of any candidate for public office, in the solicitation of votes or other activities in behalf of such candidacy. Neither the director of the Office of Program Policy Analysis and Government Accountability nor any employee of that office may become a candidate for election to public office unless he or she first resigns from office or employment.

(4) The director shall perform and/or contract for the performance of examinations and other duties as prescribed by law. The director shall perform his or her duties independently but under general policies established by the Legislative Auditing Committee.

(5) The director may adopt and enforce reasonable rules necessary to facilitate the examinations, reports, and other tasks that he or she is authorized to perform.

(6) When the director determines that conducting an examination would not be possible due to workload limitations or the project does not appear to be of critical interest to the Legislature, then, with the consent of the President of the Senate and the Speaker of the House of Representatives, the director may temporarily or indefinitely postpone such examinations. The director may at any time conduct a performance review of a governmental entity created by law.

11.513 Program evaluation and justification review.--

(1) Each state agency shall be subject to a program evaluation and justification review by the Office of Program Policy Analysis and Government Accountability as determined by the Legislative Auditing Committee. Each state agency shall offer its complete cooperation to the Office of Program Policy Analysis and Government Accountability so that such review may be accomplished.

(2) A state agency's inspector general, internal auditor, or other person designated by the agency head shall develop, in consultation with the Office of Program Policy Analysis and Government Accountability, a plan for monitoring and reviewing the state agency's major programs to ensure that performance data are maintained and supported by agency records.

(3) The program evaluation and justification review shall be conducted on major programs, but may include other programs. The review shall be comprehensive in its scope but, at a minimum, must be conducted in such a manner as to specifically determine the following, and to consider and determine what changes, if any, are needed with respect thereto:

(a) The identifiable cost of each program.

(b) The specific purpose of each program, as well as the specific public benefit derived there from.

(c) Progress toward achieving the outputs and outcomes associated with each program.

(d) An explanation of circumstances contributing to the state agency's ability to achieve, not achieve, or exceed its projected outputs and outcomes, as defined in s. 216.011, associated with each program.

(e) Alternate courses of action that would result in administration of the same program in a more efficient or effective manner. The courses of action to be considered must include, but are not limited to:

1. Whether the program could be organized in a more efficient and effective manner, whether the program's mission, goals, or objectives should be redefined, or, when the state agency cannot demonstrate that its efforts have had a positive effect, whether the program should be reduced in size or eliminated.

2. Whether the program could be administered more efficiently or effectively to avoid duplication of activities and ensure that activities are adequately coordinated.

3. Whether the program could be performed more efficiently or more effectively by another unit of government or a private entity, or whether a program performed by a private entity could be performed more efficiently and effectively by a state agency.

4. When compared to costs, whether effectiveness warrants elimination of the program or, if the program serves a limited interest, whether it should be redesigned to require users to finance program costs.

5. Whether the cost to administer the program exceeds license and other fee revenues paid by those being regulated.

6. Whether other changes could improve the efficiency and effectiveness of the program.

(f) The consequences of discontinuing such program. If any discontinuation is recommended, such recommendation must be accompanied by a description of alternatives to implement such recommendation, including an implementation schedule for discontinuation and recommended procedures for assisting state agency employees affected by the discontinuation.

(g) Determination as to public policy, which may include recommendations as to whether it would be sound public policy to continue or discontinue funding the program, either in whole or in part, in the existing manner.

(h) Whether the information reported as part of the state's performance-based program budgeting system has relevance and utility for the evaluation of each program.

(i) Whether state agency management has established control systems sufficient to ensure that performance data are maintained and supported by state agency records and accurately presented in state agency performance reports.

(4) No later than December 1 of the second year following the year in which an agency begins operating under a performance-based program budget, the Office of Program Policy Analysis and Government Accountability shall submit a report of evaluation and justification review findings and recommendations to the President of the Senate, the Speaker of the House of Representatives, the chairpersons of the appropriate substantive committees, the chairpersons of the appropriations committees, the Legislative Auditing Committee, the Governor, the head of each state agency that was the subject of the evaluation and justification review, and the head of any state agency that is substantially affected by the findings and recommendations.

(5) The Legislature intends that the program evaluation and justification review procedure be designed to assess the efficiency, effectiveness, and long-term implications of current or alternative state policies, and that the procedure results in recommendations for the improvement of such policies and state government. To that end, whenever possible, all reports submitted pursuant to subsection (4) must include an identification of the estimated financial consequences, including any potential savings that could be realized if the recommendations or alternative courses of action were implemented.

(6) Evaluation and justification reviews may include consideration of programs provided by other agencies which are integrally related to the programs administered by the state agency or entity which is scheduled for review as determined by the Legislative Auditing Committee.

APPENDIX F

News Release on California Restructuring Effort
& Minnesota Commission on Reform and Efficiency

NATIONAL DESK

Plan Would Consolidate California Agencies

By JOHN M. BRODER (NYT) 700 words
Published: August 4, 2004

A government efficiency panel appointed by Gov. Arnold Schwarzenegger has proposed closing or consolidating hundreds of state boards and agencies, including the independent California Air Resources Board, which has led the nation in air pollution standards for automobiles and consumer products for decades.

The California Performance Review submitted its 2,500-page report to the governor on Tuesday after months of work by 275 staff members. If all of its 1,200 recommendations are adopted, officials said, the state could eliminate thousands of jobs and save as much as $32 billion over the next five years.

But its recommendations, some of which have leaked in recent days, have become a source of consternation among lawmakers, bureaucrats and lobbyists. Senior legislators said many of the more sweeping suggestions were unlikely to be adopted.

Officials responsible for the study said that the state government, which has an annual budget of $105 billion, was a mess of inefficiency, overlapping authority and wasteful spending, and that it needed to be streamlined.

"We are facing some monumental problems in the state, no surprise there," Chon Gutierrez, an executive director of the review, said. "But the consequences of not doing something now to mend the structural disrepai in California government are frightening."

The panel held hearings largely in private but plans five more to seek public comment over the next several months. Most of its recommendations require legislative approval.

The group proposed a sweeping reorganization that would combine 11 agencies and more than 75 departments into 11 cabinet-style departments answering to the governor.

The recommendations for saving money include combining purchasing among departments, barring children younger than 5 from kindergarten, consolidating some 30 law enforcement agencies into one department, and creating an Infrastructure Department to supervise transportation, water, housing and energy programs. The report also recommends shifting to a two-year budget cycle from the current annual process.

The proposals on the environment have raised concern. The plan would eliminate not only the Air Resources Board, but also the Water Resources Control Board and several others moving their work to a new Departmen of Environmental Protection.

Bill Magavern, senior legislative representative for the Sierra Club of California, said the air and water boards had made the state a national leader in air and water quality. The air board had been the first in the nation to require catalytic converters to reduce auto pollution, Mr. Magavern said. The board is working on standards fo reducing greenhouse gas emissions.

"The air board is probably California's most effective environmental agency," Mr. Magavern said. "The air board has been the national leader in air-quality safeguards and definitely has been the leading edge for the entire country."

He added that the Sierra Club and other groups would vigorously oppose the independent boards' elimination.

The reorganization panel found that responsibility for environmental compliance was split among a hodgepodge of commissions and agencies, including the air and water boards. Bringing them under a single department would mean both cost savings and greater accountability, said Chris Reynolds, a staff member at the performance review.

Mr. Reynolds said the proposed consolidation of environmental programs in the current fiscal year would save $2.2 million, of a total budget for the environment of more than $5 billion. Savings in future years would be higher but still modest in relation to overall spending.

The performance review panel duplicated the work of several previous California studies and was in some respects modeled on the National Performance Review overseen by Vice President Al Gore, in 1993 and 1994.

Bruce E. Cain, director of the Institute for Governmental Studies at the University of California, Berkeley, said that much of the current report was likely to meet the same fate.

"The most controversial things will be held up by the Legislature," Mr. Cain said, "and the least controversial changes won't make that big a difference."

Last reviewed September 2004

Resources on Minnesota Issues
CORE: Minnesota Commission on Reform and Efficiency

This guide is compiled by staff at the Minnesota Legislative Reference Library on a topic of interest to Minnesota legislators. It is designed to provide an introduction to the topic, directing the user to a variety of sources, and is not intended to be exhaustive. In particular, it is focused on items available in the Legislative Reference Library.

The Commission on Reform and Efficiency (CORE) was created by Gov. Arne Carlson and the 1991 Legislature (*Laws of Minnesota 1991*, Chapter 345, Article 1, Section 17, Subdivision 9). The 22 commission members appointed by the governor and the legislature were drawn from all walks of life and included leaders in business, education, and labor, as well as former public officials.

Part of the commission's mandated responsibility was to recommend long-term actions for improving efficiency and effectiveness, with the goal of improving the quality of state government. The commission surveyed employees, interviewed agency management, heard comments from those affected by government programs and the general public, developed case studies of executive branch agencies, and sought advice from the academic community. (Excerpted from: *Imperatives for Change: An Assessment of Minnesota State Government*. Minnesota Commission on Reform and

Efficiency, 1993.)

CORE issued many reports but all were done before the advent of the Web. The Legislative Library is providing scanned copies of selected short reports. In the case of long, detailed reports, we have scanned the summary. Print copies of the detailed reports may be viewed at the Legislative Library. They are also available on microfiche at selected libraries throughout Minnesota via the State Document Depository System. The Minnesota document number, listed with each report, is needed to access the fiche.

SIGNIFICANT REPORTS:

CORE Project Recommendations. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6136.C68 1993) Minn. Doc. 93-0356.

Budgeting and Financial Management in Minnesota State Government: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (HJ 516.B83 1993) Minn. Doc. 93-0225. Summary

Electronic Data Interchange in Minnesota State Government. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6149.A8 E44 1993) Minn. Doc. 93-0268.

Human Resources Management in Minnesota State Government: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6155.H86 1993) Minn. Doc. 93-0270. Summary

Imperatives for Change: An Assessment of Minnesota State Government. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6136.I47 1992) Minn. Doc. 93-0140.

Local Services Funding, Part I: Comparing City Expenditures: Final Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (HJ 9260.L62 1993) Minn. Doc. 94-0036. Summary

Local Services Funding, Part II: State Aid to Cities: Final Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (HJ 9260.L623 1994) Minn. Doc. 94-0121. Summary

A Minnesota Model: Recommendations for Reorganizing the Executive Branch: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6141.M55 1993) Minn. Doc. 93-0347. Summary

Minnesota's Quality Initiative. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (JK 6136.M63 1993) Minn. Doc. 93-0226.

Reforming Minnesota's Administrative Rulemaking System: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (KFM 5840.A8 1993) Minn. Doc. 93-0381. Summary

Reforming Minnesota's Environmental Services System: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (HC 107.M63 E542 1993) Minn. Doc. 93-0269. Summary

Reforming Minnesota's Human Services Delivery System: Detailed Report. St. Paul: Minnesota Commission on Reform and Efficiency, 1993. (HV 98.M6 R45 1993) Minn. Doc. 93-0315. Summary

Short-Term Cost Savings: Detailed Analyses. St. Paul: Minnesota Commission on Reform and Efficiency, 1991. (HJ 515.S56 1991) Minn. Doc. 92-0086. Summary

Please direct all comments concerning issues or legislation
to your House Member or Senator.

Questions? Comments?

9/21/2004

2003 session highlights - Minnesota health care programs

The 2003 legislation preserves health care benefits for Minnesota's most vulnerable citizens including the elderly, disabled and children, and provides a safety net for low-income, working age adults without children.

Eligibility changes by program General Assistance Medical Care

• Emergency GAMC is eliminated effective July 1, 2003.

• Adults without children who are below 75 percent of poverty ($6,744) and have no more than $1,000 in assets (one-person household) effective Oct. 1, 2003 will continue to receive full program benefits. There will be new co-pays on certain services, such as non-emergency ER, eyeglasses, restorative dental, nonpreventive visits and drugs.

• Adults without children with incomes over 75 percent of poverty and at or below 175 percent of poverty (over $6,744 and at or less than $15,720) who have no more than $10,000 in assets (one-person household) effective Oct. 1, 2003 will have catastrophic inpatient coverage available to them. Coverage is only for periods of hospitalization.

• Ongoing GAMC is eliminated for undocumented/non-immigrants effective July 1, 2003. Emergency MA remains available to this population.

MinnesotaCare

• Adults without children with incomes at or below 75 percent of poverty ($6,744, one-person household) effective Oct. 1, 2003 remain eligible for full MinnesotaCare benefits with additional co-pays. Premiums will be based on the current sliding fee scale. Eligibility reviews will take place every six months beginning Oct. 1, 2004.

• Adults without children with incomes over 75 percent of poverty and at or below 175 percent of poverty (over $6,744 and at or less than $15,720, one-person household) effective Oct. 1, 2003 will be eligible for up to $5,000 per year of core primary care services and $10,000 per year of hospitalization. Co-pays and slightly increased premiums are required. Eligibility reviews will take place every six months beginning Oct. 1, 2004.

• Premiums will increase slightly for those with incomes over 100 percent of poverty ($8,988, one-person household), depending on household size and annual income, effective Oct. 1, 2003.

• Effective July 1, 2003, parents' health care eligibility ends when family income exceeds $50,000. Beginning Feb. 1, 2004, parents' eligibility ends when family income exceeds $50,000 or 275 percent of poverty ($41,976, three-person household), whichever is lower.

• Eligibility reviews for MinnesotaCare family and children households will take place every six months, effective Oct. 1, 2004.

• The asset limit for MinnesotaCare will be $10,000 for households of one, $20,000 for households of two, effective July 1, 2003.

Medical Assistance/MinnesotaCare for Families and Children

• Pregnant women whose income exceeds 200 percent of poverty ($24,240, single pregnant woman) will not be eligible for MA but could be eligible for MinnesotaCare by paying a premium, effective July 1, 2004.

• The asset limits for parents in Medical Assistance and MinnesotaCare (upon federal approval) will be $10,000 for a household of one and $20,000 for a household of two or more. (Effective 7-1-03)

• MA eligibility will be limited to children between ages 1 and 18 for families with incomes no greater than 150 percent of poverty ($22,896, three-person household), a decrease from 170 percent of poverty, effective July 1, 2004.

• For newborns of mothers on MA or MinnesotaCare, coverage for the infant's second year will be through an eligibility review rather than automatic coverage, effective July 1, 2003.

Medical Assistance-Employed Persons with Disabilities

Several new policy changes will be implemented that modify eligibility for the MA-EPD Program, including changes to premiums, minimum earned income, and tax withholding requirements.

Co-payments are established

Co-payments will be established for certain health services, although some services, such as occupational therapy, physical therapy, speech therapy, mental health services and anti-psychotic drugs, will be exempt. Some enrollees, such as children under age 21 and pregnant women (for services that relate to pregnancy), also will be exempt from co-pays effective Oct. 1, 2003.

• Prescription Drug Coverage

• The Prescription Drug Program (PDP) is preserved at its current income standard of 120 percent of poverty ($10,776, one-person household). DHS will pursue a federal waiver to expand the program.

• The Minnesota Board on Aging will administer a new program to help people apply for free prescription drugs from pharmaceutical companies.

• The state will establish a prescription drug discount program for people with incomes below 250 percent of poverty ($22,464, one-person household), effective July 1, 2005. This program will end when an extended Medicare-expanded prescription drug benefit program begins.

Long-term care financing reform

The state now will have new tools to require people of means to plan and pay for their long-term care before becoming eligible for publicly financed care. Funding is approved for a study into long-term care financing reform, including incentives for the purchase of long-term care insurance

Human services legislation at a glance

The 2003 Minnesota Legislature preserved core services for the most vulnerable people, advanced key reforms and slowed the growth of human services spending to help balance the state's budget deficit. The final human services general fund budget for the 2004-05 biennium is $7 billion, a 12 percent increase over the current biennium. This represents a 7 percent reduction from the spending projections included in the February 2003 economic forecast. Key outcomes of the session include:

Continued investments in core services

Minnesota continues to have a strong safety net that provides core services to the most vulnerable people, including children, the elderly, people with disabilities and the lowest income Minnesotans.

Welfare reform advances

The Legislature approved the governor's proposal for the next generation of welfare reform, which puts greater emphasis on helping families get to work more quickly and reinforces personal responsibility. Key elements of the plan include:

• A diversionary work program to help people find work before they go on the Minnesota Family Investment Program (MFIP)

• Work plans for all participants

• Work requirements students

• Disenrollment for noncompliance.

Adult mental health reform continues

The Legislature adopted the governor's budget proposals that foster a broader array of community-based mental health services. These measures begin to address concerns that 20 percent to 30 percent of people in inpatient psychiatric settings and 30 percent of those in residential treatment facilities could be better served in alternative settings. It also addresses the need for a range of permanent housing options for people who have a mental illness.

Investing in children's mental health

Children's mental health needs will be better met with screening for those most at risk of mental health problems. An alternative adolescent mental health care facility was approved for those needing short-term care, and Medical Assistance (MA) benefits were reconfigured, allowing treatment to be tailored to individual children's needs. All of these proposals were part of the governor's budget recommendations. Adoption assistance fully funded Funding for adoption and relative custody assistance was increased to provide permanent homes for children (more than 960 a year) with special needs.

Adults without kids health care changes

Comprehensive coverage was preserved for the lowest income adults without children (under 75 percent of federal poverty guidelines) with nominal increases in cost sharing. For those from 75 percent to 175 percent of poverty, the Legislature retained catastrophic coverage, required that further primary care coverage be delivered through enrollment in MinnesotaCare, and placed an annual monetary cap on coverage. Coverage was discontinued for adults without children above 175 percent of poverty.

Changes made in health care purchasing

The Legislature adopted measures related to purchasing for public programs, including:

• Tools to help better manage growth in pharmacy costs for people in public health care programs

• Funding and authorization for DHS to pursue best medical practices and clinical care management approaches

• A rate reduction for all General Assistance Medical Care providers (5 percent) and an additional reduction for hospitals. Rates were also reduced for managed care providers, medical transportation providers and drugs.

• Co-payments are added in all health care programs for adults

• Dental reductions affecting adults were made in all health care programs.

Care for undocumented people reduced

Health care coverage was eliminated for children, seniors and people with disabilities who are not in the country lawfully. Coverage continues for pregnant women and emergency services.

Rates change for nursing homes, others

Core rates for nursing homes were maintained, although reductions were made in specific nursing home rate categories. Rates were maintained for providers such as home health care agencies, personal care attendants and private duty nurses, who are essential to allowing people with disabilities and the elderly to remain in their homes. Rates for other continuing care providers were reduced by 1 percent.

Community services for elderly preserved

The bulk of state funding for senior programs, such as Meals on Wheels, was preserved. (These programs were reduced by 15 percent.) The Legislature approved cost sharing for enrollees in the Alternative Care Program, based on their financial resources. Other continuing care grant funds, such as the Consolidated Chemical Dependency Treatment Fund Tier II, were eliminated.

Long-term care financing reform

The state will have new tools to require people of means to plan and pay for their long-term care before becoming eligible for publicly financed care. Funding is approved for a study into long-term care financing reform, including incentives for the purchase of long-term care insurance.

Prescription drug services offered

The Minnesota Board on Aging will administer a new program to help people apply for free prescription drugs from pharmaceutical companies. Starting July 1, 2005, the state will establish a prescription drug discount program for people with incomes below 250 percent of poverty.

Growth in disabilities services managed

The Legislature limited growth in the Mental Retardation and Related Conditions waiver, the Traumatic Brain Injury waiver and the Community Alternatives for Disabled Individuals waiver.

Child care assistance reduced, targeted

Child care assistance was targeted to benefit the lowest income working families. Families earning 175 percent or less of poverty will be eligible for the Basic Sliding Fee program and will leave the program when their earnings are at 250 percent of poverty. Future growth is controlled by freezing provider rates and increasing co-payments for parents. Overall spending was significantly reduced.

Reforms made in service delivery

Funding for multiple grants for children and community services was reduced and the grants were consolidated and temporarily reduced, giving counties more flexibility to provide services while increasing accountability. Funding for programs to support families who are enrolled in MFIP is consolidated, allowing counties, tribes and nonprofits to continue successful efforts to help families transition to work, while increasing accountability.

Fees up for services, regulatory functions

Fees charged to parents whose children receive services through TEFRA, the Home and Community Based Services waiver and other out-of-home placements were increased to better align with other fee structures. In addition, licensing fees for child care centers, residential programs and other providers licensed by the department will increase. Counties were given the option of charging a fee for licensing family child care providers.

Administrative funding reduced

In addition to a one-time reduction in funding for all executive branch agencies, the department's ongoing general fund operating budget will be reduced by 15 percent by the end of the biennium.

2003 session highlights - Continuing care for elderly, people with disabilities

The 2003 Legislature preserved core safety net services for people with disabilities and the elderly while maintaining policies promoting long-term care reform and services in community-based settings rather than institutions. Consistent with cost sharing in other health care programs, people with higher incomes will be required to participate in the cost of care for themselves and family members.

Long-term care and other services for the aging

• **Rates change for nursing homes.** The Legislature maintained core rates for nursing homes, although reductions were made in specific nursing home rate categories. In addition, a surcharge was applied to all nursing facilities.

• **Changes in other provider rates.** Rates for providers of such services as adult foster care, day treatment, homemaking and respite care were reduced by 1 percent. Rates were maintained for providers such as home health care agencies, personal care assistance and private duty nursing, which are essential to people with disabilities and the elderly remaining in their homes.

• **Alternative Care and Elderly Waiver programs.** These programs allow lower income elderly at risk of nursing home placement to remain in their own homes, a cost-effective alternative to nursing home care. Both programs are maintained but with a 1 percent funding reduction, which will result in provider rate decreases. Most on the Alternative Care program will pay a fee.

• **Aging services grants.** State funding for programs such as Meals on Wheels, senior volunteers and senior companion services was reduced by 15 percent. These programs also will continue to receive considerable federal funding. Grants to build informal, voluntary services and supports for seniors and to improve information and assistance were retained while grants for other senior counseling and planning services were eliminated.

• **Long-term care financing reform.** The state will have new tools to require people of means to plan and pay for their long-term care before becoming eligible for publicly financed care. Funding is approved for a study into long-term care financing reform, including incentives for the purchase of long-term care insurance.

• **Prescription drug.** The Minnesota Board on Aging will administer a new program to help people apply for free prescription drugs from pharmaceutical companies. Starting July 1, 2005, a drug discount program will be established for people with incomes below 250 percent of the federal poverty level.

Home and community-based services for people with disabilities

Growth was slowed in waiver programs that allow people with disabilities to live in the community rather than institutions. New resources will be targeted toward individuals at greatest risk of institutional placement. Consumers waiting to access waiver programs still have access to home care, other Medical Assistance state plan benefits and some state grant options.

• **Mental Retardation and Related Conditions Waiver.** Funding is preserved to allow people to leave institutions and live in the community. Other people waiting for waiver services may receive waiver services when resources become available in their counties.

• **Community Alternatives for Disabled Individuals Waiver.** Legislation limits the average monthly growth in this program for people at risk of nursing home placement and requires that priority be given to people now living in institutions or at risk of going into institutions.

• **Traumatic Brain Injury Waiver.** Growth in this program is limited and priority must be given to people relocating from institutions or at risk of institutional placement.

• **Parental fees.** Some families above the federal poverty level receiving state health care services for children with disabilities will receive fee increases based on income.

• **Day training and habilitation services.** People residing in Intermediate Care Facilities for Persons with Mental Retardation can choose both the type of active treatment they prefer and where they receive it. Counties are required to document how they will serve other individuals with mental retardation in their Children and community Services county plan.

• **Consumer Support Grants.** Recipients who had been receiving a higher level of funding through these grants, which pay for services and supports related to a person's disability, now will access benefits at levels equitable with other recipients.

• **Home and community-based services improvements.** Although implementation of improvements is delayed, policies are maintained to achieve greater consistency among waiver programs and better service coordination for people on the programs.

Mental health reform

• **Expanded community mental health system.** Mental health reforms promote development of needed housing options and a broader array of community-based mental health services closer to individuals' home communities and their natural supports of family and friends rather than in large institutions.Increased mental health funding. Configuration of smaller, local service units will allow vendors to be eligible for new sources of funding, including consumer Medical Assistance benefits.

• **Residential treatment restructuring.** A portion of some 70 residential treatment facilities will be converted to facilities where more intensive treatment, short of hospitalization, can be provided. Funding for other existing residential treatment facilities will go to needed permanent housing.

Chemical health

Consolidated Chemical Dependency Treatment Fund. Eligibility for chemical dependency treatment funding was maintained for Minnesotans who are enrolled in Medical Assistance or General Assistance Medical Care or who meet the income limits for those programs. Eligibility was eliminated for individuals at higher income levels. Provider rates were reduced 1 percent and some state-funded grant programs were eliminated.

2003 session highlights - Services for children and families

The 2003 Legislature strengthens the Minnesota Family Investment Program (MFIP) with an increased work-first focus and program improvements to reinforce personal responsibility. Investments were made in safety net and core services for families and children, along with reductions and reforms.

Work-first focus

A work-first focus emphasizes that all MFIP participants are expected to work.

• **Diversionary work program.** Before getting assistance, families enter a four-month, intensive program that focuses on going to work and provides front-end employment services.

• **Work plans - universal engagement.** Starting in July 2004, all participants will be required to have an employment plan.

• **Education while working.** MFIP participants attending school must work 20 hours a week while receiving cash assistance. The 24-month limit on post-secondary education is continued.

Program improvements

Program improvements reinforce personal responsibility.

• 100 percent sanctions. Participants who do not comply with MFIP requirements within six months will have their cases closed and will lose cash assistance.

• Food stamp waiver. This authorizes the state to seek a federal waiver to promote the use of food assistance for nutritional food and exclude junk food as an eligible purchase with food stamps.

• Family cap. A family's cash grant would not be increased when they have another child.

Investments in children and families

Investments and reforms were made to continue core services to the most vulnerable Minnesotans.

• Children's mental health. Statewide screening is funded for children at risk of mental health problems. An alternative adolescent mental health care facility was approved for short-term care and Medical Assistance (MA) benefits were reconfigured to fit treatment to individual children's needs.

• Adoption assistance. Funding for adoption and relative custody assistance is increased to provide permanent homes for children (more than 960 a year) with special needs.

• Noncitizens. MFIP cash and food assistance for legal noncitizen families is continued; the projected cash shortfall in the Minnesota Food Assistance Program was funded, providing food benefits for legal noncitizens over age 50 who are not eligible for federal food stamps.

• MFIP extensions. Extensions are continued for working families who have reached the 60-month time limit on cash assistance. This extension category had been set to end in July 2004.

• Group residential housing reform. This program was modified to capture federal funding for services and costs for the elderly and disabled that were previously paid for with state funds.

Other program changes

Reductions in some programs were made to preserve safety net services and core programs.

Emergency assistance.

• Emergency General Assistance and Emergency Minnesota Supplemental Aid are capped at State Fiscal Year 2002 levels and funds are allocated to the counties. Emergency Assistance for families is repealed. Counties may opt to address family emergencies through the MFIP consolidated fund, but are not obligated to do so.

• MFIP. Cash grants are reduced up to $125 a month for each Supplemental Security Income (SSI) recipient in an MFIP household. The exit level for MFIP is reduced from 120 percent to 115 percent of the federal poverty level. MFIP families in public housing will have $50 per month counted against their cash grant.

• Child support. County incentive grants are refinanced with revenues from a 1 percent user fee for some families beginning in July 2004; counties will have a one-time 15 percent reduction of incentive funds.

• Minnesota Economic Opportunity Grants. State funding is reduced for grants to community action agencies and tribes.

• FSET. State funding is reduced for the Food Stamp Employment and Training (FSET) Program for able-bodied adults without children.

Child care assistance reform

Child care assistance is reformed to benefit the lowest income working families and strengthen program integrity.

• Families earning 175 percent or less will be eligible for the Basic Sliding Fee program and will exit the program at 250 percent of the poverty level.

• Future program growth is controlled by freezing provider rates and increasing parents' co-payments.

• Program improvements increase provider accountability and set statewide procedures.

Consolidated support grants

Consolidated funding gives counties and tribes more flexibility to meet the needs of children and families while increasing accountability.

• Children's services grants consolidate 18 separate children and community services grants, totaling $112 million in SFY 2004, $100 million in SFY 2005 and $125 million each for SFYs 2006 and 2007. This includes a one-time reduction of $37 million for the 2004-05 biennium.

• MFIP support services grants consolidate a number of separate support programs to continue successful efforts to help families transition to work. For SFY 2004, funding is $107 million. For SFYs 2005, 2006 and 2007, funding is $111 million for each year.

• Funding will be allocated to counties and tribes based on historic spending levels.

• Service plans for each county will set outcomes.

2003 session highlights - Child care assistance changes

The 2003 Legislature made reforms to the child care assistance program to focus on the lowest income working families and control future growth, while helping balance the state budget. State funding was reduced by $86 million over the biennium. Program integrity was also strengthened.

Services for the lowest income families

Child care assistance was reformed to serve the lowest income working families.

• Families earning 175 percent of the federal poverty level ($26,705 for a family of three) or less will be eligible for the Basic Sliding Fee program, leaving the program when their earnings are 250 percent of poverty ($38,150 for a family of three).

• Assistance for the Minnesota Family Investment Program (MFIP) child care and the transition year (first year after leaving MFIP) remain as forecasted programs.

• Child care assistance is available for MFIP families participating in social service programs.

• Families completing their transition year who live in counties with significant waiting lists for Basic Sliding Fee can continue to receive child care assistance.

Controlling spending

Provisions were enacted to restrain future spending, by freezing child care provider rates and increasing family contributions.

• The At-Home Infant Care program is eliminated.

• Co-payments by parents are increased.

• Maximum provider rates were frozen at the current level.

• A study will be conducted to review current rates and recommend a new rate-setting mechanism.

• Legal nonlicensed providers will be paid hourly rates fixed at 80 percent of licensed family rates.

• Accreditation bonus payments are eliminated.

• Providers will not receive assistance payments for their own children or those in their custody.

Program improvements

Program improvements were made to strengthen program integrity and prevent fraud.

Providers are required to repay overpayments from billing errors and provider fraud; disqualification periods are set for those convicted of fraud.

• An administrative appeal process is established for provider registration denials, penalties and disqualifications.

• Registration requirements for legal nonlicensed providers include minimum safety standards.

2003 session highlights - Minnesota welfare reform provisions

Welfare reform provisions in the 2003 Health and Human Services bill strengthen the Minnesota Family Investment Program (MFIP) with an increased work-first focus and program improvements that reinforce personal responsibility. The bill also continues investments to help low-income families transition to work and preserve core services, while making reductions to help balance the state budget.

Work-first focus

The provisions include a work-first focus to emphasize that all families are expected to work. At the front end, families will get the services they need to move immediately into employment.

Diversionary Work Program

When families first apply for assistance, they enter a four-month, intensive program that focuses on going to work before going on MFIP. During the four months:

• Counselors will help families access work supports, such as child care and transportation.

• Families may receive assistance up to the MFIP cash grant based on need. Shelter and utilities will be vendor paid. Families will lose assistance if they don't cooperate with work requirements.

• Families will be eligible for food support and health care without regard to work participation.

• Counties will have until July 2004 to implement a diversionary work program. This is based on a successful pilot in Dakota County where 75 percent of participants were off MFIP in five months compared with 30 percent in traditional MFIP.

Work plans - universal engagement

Beginning in July 2004, all participants will be required to have an employment plan (12 percent are now exempt).

• This will help participants develop employment skills and keep connected to job opportunities.

• Exemptions will continue for parents of a newborn for 12 weeks (now 12 months) and child-only cases. Minor and teen parents without a high school diploma or GED will retain current school attendance requirements.

Work while in school

• MFIP participants attending school must work 20 hours a week while receiving cash assistance.

• The 24-month limit on post-secondary education is continued.

Program improvements

These provisions contain program improvements that reinforce personal responsibility.

• 100 percent sanctions. Participants who do not comply with MFIP requirements within six months will have their cases closed and will lose cash assistance.

• Eligibility documentation. This tightens the requirements for information or documents needed to qualify for assistance by limiting when counties may accept affidavits from applicants.

• Food stamp waiver. This authorizes the state to seek a federal waiver to promote the use of food assistance for nutritional food and exclude junk food as an eligible purchase with food stamps.

• Family cap. A family's cash grant would not be increased when they have another child.

Investments in children and families

The budget includes investments in children and families to continue core services and give counties and nonprofits more flexibility to serve vulnerable Minnesotans.

Noncitizens

• MFIP cash and food assistance for legal noncitizen families is continued.

• The projected cash shortfall in the Minnesota Food Assistance Program is funded, providing food benefits for legal noncitizens over age 50 who are not eligible for federal food stamps.

Consolidated MFIP support grants

• Funding for numerous separate programs is consolidated and accountability for outcomes is increased.

• Counties will have more flexibility to continue successful approaches to support MFIP families going to work; counties can also incorporate emergency assistance money to better serve families.

• Funding will be allocated to counties and tribes based on historic State Fiscal Year 2002 spending.

MFIP extensions

• Extensions are continued for working families reaching the 60-month time limit on cash assistance.

• This extension category had been set to end in July 2004.

Other program changes

Reductions in some programs are proposed to preserve safety net services and core programs.

Emergency assistance

• Emergency General Assistance and Emergency Minnesota Supplemental Aid are capped at SFY 2002 levels and funds are allocated to the counties.

• Emergency Assistance for families is repealed. Counties may opt to address family emergencies through the MFIP consolidated fund, but are not obligated to do so.

MFIP

• Cash grants are reduced up to $125 a month for each Supplemental Security Income recipient in an MFIP household. Relative caretakers are excluded.

• The exit level for MFIP is reduced from 120 percent to 115 percent of the federal poverty level.

• MFIP families in subsidized housing will have $50 a month counted against their cash grant.

Child care

• Child care assistance is reformed to benefit the lowest income working families; families earning 175 percent or less of poverty will be eligible for the Basic Sliding Fee program and will exit the program at 250 percent of the poverty level.

• Future program growth is controlled by freezing provider rates and increasing parents' co-payments.

2003 session highlights - Adult mental health reform legislation

The Legislature acted to foster a broader array of community-based mental health services, including a range of permanent housing options. These measures begin to address concerns that 20 percent to 30 percent of people in inpatient psychiatric settings and 30 percent of those in residential treatment facilities could be better served in alternative settings.

• **Service closer to home.** In response to planning by counties and the Minnesota Department of Human Services Mental Health Division, there will be a broader array of mental health services located in closer proximity to where people live. People now accessing services by traveling to regional treatment centers will be able to access an appropriate level of care near their home communities and natural support systems as multiple smaller hospital units, crisis response services, in-home supports, long-term residential supports and other community services are developed.

• **Better access and choice.** A broader array of services will allow people with mental illness to be more appropriately matched to the services they need, thereby improving care, access and choice while increasing service capacity.

• **Increased mental health funding.** Configuration of smaller, local service units will allow vendors, including State Operated Services, to be eligible for new sources of public and private funding. Also, Medical Assistance will expand to cover intensive rehabilitation services, such as assertive community treatment teams and intensive residential treatment.

• **Consumer benefits will pay for services.** Individuals eligible for benefits, such as those provided through Medical Assistance or other third-party payors, will have services paid for by those benefits.

• **Financial incentives for community-based services.** Counties will have an incentive to participate in community-based options, as their cost share per patient for institutions for mental diseases, such as regional treatment centers, rises from 10 percent to 20 percent beginning July 1, 2004.

Residential treatment restructuring

• A portion of some 70 residential treatment facilities will be converted to facilities where more intensive treatment, short of hospitalization, can be provided. This conversion will be accomplished in partnership with the regional adult mental health initiative process.

• Funding for other existing residential treatment facilities will be used to develop a range of housing options based on individual and community needs.

• Existing state funding for adult mental health residential treatment will be leveraged to bring in federal funding for these services.

Blending of SOS into community-based system

• Movement to an expanded community-based mental health system will begin in the southwest region of the state served by Willmar Regional Treatment Center and northern regions served by Brainerd Human Services Center, Fergus Falls Regional Treatment Center and the Ah-Gwah-Ching nursing home.

• Clients who require hospital level of care will begin to receive those services in smaller hospital units located in or near their home communities rather than in regional treatment centers.

• Most SOS nursing home clients will move to community nursing homes. SOS will retain nursing home capacity for forensic clients who require that level of care.

• About 20 percent of SOS adult mental health clients and 50 percent of SOS nursing home clients who do not require hospital level of care will be served under the Community Alternatives for Disabled Individuals waiver or other community-based care.

• Individuals served in the Adult Mental Health Initiatives who have benefits through Medical Assistance, MinnesotaCare or other third-party payors will use these resources to pay for services. SOS and the Mental Health Division will work with initiatives to ensure that current levels of service to patients are maintained.

• Once community-based adult mental health services are in place and utilization of the regional treatment center ends, the county obligation to fund 20 percent of the cost of regional treatment center ends. DHS will work with counties to determine how they may continue to contribute to the community-based mental health system in an amount that will not exceed county funds historically contributed for the cost of care at the regional treatment center.

Offenders with mental illness

• A new initiative will provide alternative placements and treatment in the community for convicted offenders with mental illness who are being considered for a prison sentence. Courts will have authority to determine when this option would be consistent with public safety and the needs of the individual.

APPENDIX G

Government Efficiency Commission
State of Indiana

Subcommittee Members

Co Chairs	John Hillenbrand Jim Baker
Higher Education:	Tom Reilly – Chairman Ernest Bartell Phil Faccenda Tim McGinley Dr. August (Gus) Watanabe Terry White
K-12	David Shane – Chairman Gretchen Gutman Al Hubbard
Medicaid & Human Services	Kevin Brinegar – Chairman James Gutting Bill Johnson Cordelia Lewis Burks Jimmy Neal Dr. Theresa Wright
General Government	Steve Baranyk – Chairman Donald Cook Mark GiaQuinta Larry Kennedy Khadijah Muhammad Jerry Payne Brad Skolnik Thomas Sponsel

APPENDIX H
Biographical Sketch of Commission Members

JAMES K. BAKER – Commission Co-Chairman
Graduated from DePauw University, and from Harvard Business School with an M.B.A. Joined Arvin after military service, and elected President and CEO in 1981 serving Chairman from 1986-1997. Other board service includes Cinergy Corp., First Chicago NBD, Veridian, Tokheim Corp, Indiana Bell, and Indiana National Bank. Served as Chairman of the Board of Trustees of DePauw University, and as Vice-Chairman of the New American Schools (a Washington-based not-for-profit engaged in K-12 reform), and as a member of the Advisory Board at Northwestern's Kellogg School. Mr. Baker was Chairman of the U.S. Chamber of Commerce, Director of the United States Council for International Business, Chairman of the Center for International Private Enterprise, and Director of the Institute for Global Ethics. Also Chairman of the Foundation for Independent Higher Education, Director of the Independent Colleges of Indiana Foundation, Founding Chairman of the Indiana University Center for Philanthropy. He holds honorary degrees from DePauw and from Wabash College.

JOHN A. HILLENBRAND II – Commission Co-Chairman
Mr. Hillenbrand is Chairman of the Board and Chief Executive Office of Glynnadam, Inc. He is a member of Board of Directors of Hillenbrand Industries. Mr. Hillenbrand is Chair Emeritus of Able Body Manufacturing and Assembly, LLC and Nambe Mills, Inc., and Vice-Chairman of Pri-Pak, Inc. He has served as a member of the Board of Directors of National City Bank, Indiana, National City Trust, Florida, CINERGY Corporation, PSI Resources, Benicorp Insurance Company, Physicians Practice Management, Inc. and Heritage Acceptance Corporation. Mr. Hillenbrand has been active in business associations, having served as Chairman of the Indiana State Chamber of Commerce and as an officer and member of the Board of Directors of the Health Industries Association, and the Indiana Manufacturers' Association. Mr. Hillenbrand has served or is serving in several appointive governmental positions, including Member of the Indiana Conservation Commission, Chairman of the Commission of the Department of Natural Resources, Chairman of the Governor's Water Resources Study Commission, Member of the Indian Employment Development Commission, Vice-Chairman of the Indiana Economic Development Council, Co-Chairman of the Governor's Committee for Educational Excellence, Member of Governor Bayh's Government Operations Committee, Chairman of the Department of Natural Resources Foundation, Member of the Alumni Board of Georgetown University, and Chairman of the Executive Planning Committee for Indiana's Strategic Economic Development Plan.

STEPHEN W. BARANYK – Chairman - General Government Subcommittee
Principal Associate, Baranyk & Associates, consultants to management**.** Mr. Baranyk has over forty years experience as an Engineer, Executive and Consultant. His Executive experience spans nearly twenty years and includes running a series of Fortune 500 Manufacturing Divisions one of which was a $30 Million division when he took it over in 1972 and in one year improved it from a $2 Million loss to a $2 Million profit on a $5 Million increase in sales. He ultimately led the Division to $80 Million in sales with five plants in four states and Puerto Rico. Mr. Baranyk's consulting experience includes performing Strategic Planning and Strategic Analyses related to New Product Development and Acquisitions. Since 1989 he has consulted exclusively for privately-owned businesses and includes assisting the owners to professionalize their management systems, Succession Planning for generational transition of Management and Ownership, Strategic Planning, Strategic Analyses and Coaching/Mentoring of managers. Mr. Baranyk holds a B.S. Degree in Mechanical Engineering from Purdue and an M.B.A. from the University of Chicago.

KEVIN BRINEGAR – Chairman – Medicaid & Human Services Subcommittee
President of the Indiana Chamber of Commerce since 2002, serving the Chamber for nine years. He was promoted to the position of senior vice president for government affairs in 1997, assuming the number two responsibility for the Chamber's operations and serving as the organization's chief lobbyist. He also

holds a master's degree in business administration in corporate finance. Brinegar earned his MBA in 1993 and his MPA in 1981 from Indiana University, and completed a BS in public policy administration at IU in 1979. Prior to coming to the Indiana Chamber, Brinegar served as the majority fiscal analyst for the Indiana State Senate from 1984 to 1992. From 1981 to 1984, he acted as a management analyst for the Indiana Legislative Services Agency. He currently serves as an elected member of the Board of Trustees for the Noblesville Community Schools. He is the school board's representative to the Parks Board for the City of Noblesville. He serves on the board of directors of the Indiana Family College Savings Plan and the Governor's Education Roundtable. He represents Indiana businesses on the United States Chamber of Commerce Tax Policy Committee.

THOMAS E. REILLY, JR. – Chairman – Higher Education Subcommittee
Mr. Reilly is a retired Chairman of the Board and past president of Reilly Industries, Inc. He earned his B.S. at Stanford University and his M.B.A. at Harvard Business School. Reilly also serves as a director for American United Life Insurance Co., Herff Jones, Inc., Methodist Medical Group, and is a retired director of Lilly Industries, Inc., and Bank One Corporation of Chicago. He is a past director for the Children's Museum of Indianapolis and the Indianapolis Zoological Society. Reilly is also past president of the Board of Trustees for the Indiana State Teachers Retirement Fund and for Park Tudor School. He served as Chairman of the Commission on the Future of Butler University, and Vice Chairman of the Board of Butler. He is currently President and CEO of the American Chemistry Council, Washington, D.C.

DAVID SHANE - Chairman – K-12 Subcommittee
David Shane serves as the President and Chief Operating Officer of LDI, Ltd., managing the daily operations of the holding company. A graduate of Wabash College in 1970 and Duke University School of Law in 1975, Shane spent much of his career as a partner with Baker & Daniels law firm. For 20 years, he provided counsel to local, regional, national and multi-national corporations, colleges and universities and K-12 educational institutions. Besides law, Shane's other passion has always been education. He provides leadership to educational improvement efforts by advising various initiatives that involve K-12 education, higher education and economic development in Central Indiana and the state. Shane serves on the Board of Trustees for Wabash College, the Board of Directors for the Center of Inquiry in the Liberal Arts, the Board of Advisors for the School of Informatics at Indiana University, the Board of Advisors for the Indiana University Emerging Technologies Center, the Governor's Education Roundtable, the Indiana Learning Collaborative, the Indianapolis Chamber of Commerce Education Council, and the Trustees of the Second Presbyterian Church Foundation.

ERNEST BARTELL – Member Higher Education Subcommittee
Ernest Bartell c.s.c., is Emeritus Professor of Economics at the University of Notre Dame, Faculty Fellow and served as Executive Director of the Helen Kellogg Institute for International Studies at Notre Dame, Director of the Fund for the Improvement of Post Secondary Education and President of Stonehill College. Dr. Bartell is a member of the Board of Trustees of Regis College in Weston, Ma., Emeritus Trustee of both the University of Notre Dame and the University of Portland, and a past member of the Board of Fellows of the University of Notre Dame. He holds a Ph.D. in Economics from Princeton University and an A.M. in Economics from the University of Chicago. Dr. Bartell's areas of research interest are the economics of education and economic development, particularly in Latin America. His publications include The Child in Latin America: Health, Development, and Rights, co-edited with Alejandro O'Donnell, and Business and Democracy in Latin America, co-edited with Leigh Payne.

DONALD R. COOK – General Government Subcommittee
Mr. Cook of Milltown is a retired civil engineer from Louisville Gas and Electric. He has a bachelor's degree from Purdue University. Cook is involved with the Crawford County Redevelopment Commission and 4-H extension programs, and is an official at his local church.

PHILIP J. FACCENDA, JR. – Higher Education Subcommittee
Mr. Faccenda served as VP and General Counsel of Notre Dame, and currently serves the University as a Life Trustee and as VP and General Counsel-Emeritus. He served as a Trustee of Saint Mary's College of Notre Dame, and as a Trustee of the University of Portland. He serves as a regional trustee of IVTC. Faccenda served as a Director of First Source Bank, and currently is a Director of Quality Dining in Mishawaka, the Ave Maria Press in South Bend, and several other corporations. He also serves as Of Counsel to Barnes & Thornburg – South Bend. He has served on the board of the United Way, the South Bend Symphony, and Neighborhood Housing Service. He was Chair of the South Bend Crime Commission and served as President of the South Bend-Mishawaka Chamber of Commerce. He was appointed by Gov. Bowen to the Educational Facilities Authority and served as its only Chair for the past 25 years. He also served the South Bend Redevelopment Commission.

MARK E. GIAQUINTA – General Government Subcommittee
Mr. GiaQuinta is a member of Haller & Colvin, P.C. in Fort Wayne. He served on the Fort Wayne City Council for four terms. Mr. GiaQuinta has served on many community boards and commissions, including the Fort Wayne Plan Commission, Public Transportation Board, Civic Theater Board, and the St. Joseph Medical Center Board. He is a member of the State Fresh Water Lakes Study Commission. Mr. GiaQuinta is a Sagamore of the Wabash and a member of Phi Beta Kappa. He received his undergraduate degree from Indiana University with Highest Distinction and his law degree from Indiana University School of Law in Bloomington.

GRETCHEN K. GUTMAN – K-12 Subcommittee
Ms. Gutman is an attorney at Sommer Barnard Ackerson, PC. She received her B.A. and M.P.A. from Indiana University and her J.D. from I. U. School of Law. She previously served as Senior Fiscal Analyst for the Indiana Senate Majority Caucus. Gutman was recently named to the Board of Governors of the Richard G. Lugar Excellence in Public Service Series; is a Board Member of Lake Area United Way; a member of the I.U. Law School Building Committee; and is a member of the I.U. Alumni Association. Gutman is a recipient of the Sagamore of the Wabash; a governor appointee to the Corporation Education Technology Board; has been named one of "40 of the Most Influential People Under 40" by the Indianapolis Business Journal; and received the 1997 State and Local Tax Award from Hall Render Killian Heath & Lyman.

JAMES M. GUTTING – Medicaid & Human Services Subcommittee
Mr. Gutting is a partner at Barnes & Thornburg in Indianapolis. He received his B.S. from Indiana State University and his J.D. from Indiana University School of Law. Gutting served in various positions on the Indiana State Board of Accounts, including state examiner. Gutting has served on the Commuter Rail Transportation Study Commission, the Calumet Township Management Committee, the Calumet Township Poor Relief Control Board, the County Road and Bridge Law Revision Study Commission, the Indiana Board for Depositories, and the Indiana Interstate Cooperation Commission. He has received a Sagamore of theWabash form Governor Robert D. Orr: a Kentucky Colonel from Governor Martha Layne Collins and was selected one of the initial Toll Fellows by The Council of State Governments.

ALLAN B. HUBBARD – K-12 Subcommittee
Mr. Hubbard is president of E & A Industries, Inc. He received his B.A. from Vanderbilt University and his J.D. and M.B.A. from Harvard Law School of Business Administration. He is a former volunteer chairman of the Indiana State Republican Party. Hubbard also once served as deputy chief of staff to the Vice President of the United States and executive director of the President's Council on Competitiveness. He is the past chairman of the Indiana State Chamber of Commerce, Board of Trustees of Hudson Institute, Maxon Corporation, Park Tudor School, and Anthem Corporation. Hubbard was chosen Small Business Person of the Year in 1983 for the State of Indiana by the Small Business Administration.

BILL JOHNSON – Medicaid & Human Services Subcommittee
Graduated with a BBA from the University of Notre Dame, earning an LLB at the Stanford Law School. While at Notre Dame Mr. Johnson was a member of Beta Alpha Psi, the National Honorary Accounting Fraternity and Beta Gamma Sigma, the National Honorary Financial Fraternity. He is currently a member of the Indiana State Bar Association. After earning his law degree, Mr. Johnson assumed the position of Vice President and General Manager of GNC Corporation at Wilson, North Carolina, a subsidiary of Goshen Rubber Co., Inc. He was named Executive Vice President of Goshen Rubber Co., Inc., and moved to Goshen to assume his new duties early in 1972. In 1976 Mr. Johnson was named President and CEO of Goshen Rubber Co., Inc. In 1986 he was elected CEO and Chairman of the Board. In 1999 Mr. Johnson sold his privately owned company to Wynn's International. Under his leadership the company grew from $10 million to $200 million in sales, with 2000 employees at 20 operating locations.

LARRY KENNEDY – General Government Subcommittee
Earned a BBA from University of Cincinnati and a Graduate Banking Degree from the Stonier Graduate School of Banking, Rutgers University. Served as Exec. VP & Group Manager-Corp. Banking Group, Bank One, Indianapolis N.A.-1963 to 1996. Currently engaged in the management of personal and family investments. Director or partner of various privately owned companies. He is past Chairman of Board of Trustees, St. Mary-of-the-Woods College, Terre Haute, past Member of the White River State Park Commission and has served on the board of various Indianapolis civic organizations, including the Indianapolis Symphony Orchestra and Indianapolis Civic Theatre.

CORDELIA LEWIS BURKS – Medicaid & Human Services Subcommittee
A former twenty-year employee of the state of Indiana in the field of nursing and administration, Cordelia Lewis Burks is in her fifteen year as the Director of politics and legislation in Indiana for the American Federation of State County & Muncipal Employees International Union. She is her union's chief lobbyist in the Indiana State Legislature. Elected officials on the national, state and local levels recognize her influence. Mrs.Burks has traveled nationally representing her union in political campaigns. Mrs.Burks has served her community; as a member of the Board of Director's of the Children's Museum of Indianapolis, the Indiana Association of United Ways and a member of the Indianapolis Police Merit Board She serves on the Board of Directors for various national organizations, and has been recognized for her contributions to numerous causes.

TIM MCGINLEY – Higher Education Subcommittee
Managing Partner and principal owner of House Investments and House Investments Securities, Inc. Active in executive positions and as an entrepreneur in the real estate industry. From 1967 thru 1969 served as Deputy Assistant Secretary of Labor, Washington, D.C. In this position he was the number two person responsible for administering $11 million in program funds and for distributing payments from a $95 million trust fund. This included responsibility for the activities of 1000 people. Mr. McGinley has also held positions as Section Dean at the Harvard Graduate School of Business Administration and Administrative Assistant to the Dean. He has served on Admissions Board, Financial Aid and Fellowship Board, Student Personnel Board and on the College Visiting Committee. He has Master in Business Administration degree from the Harvard Graduate School of Business and is a recipient of the Karl Turk Fellowship, the second highest stipend offered by the school.

KHADIJAH A. MUHAMMAD – General Government Subcommittee
Owner/CEO K.A.M. Consulting from 1994 to present. Project Director, Choices, Inc. Indianapolis, as director of Serious and Violent Offender Reentry Initiative. St. Joseph County Prosecuting Attorney in South Bend, serving as Director of Strategic Prosecutions. Indianapolis Division of Housing

Indianapolis, Responsible for management of 350 units of Public Housing. Education: Norfolk State University, Norfolk, VA,, Indiana Vocational/Technical Institute, South Bend, IN, Bethel College, South Bend, IN, I.U-South Bend.
Certifications**:** Public Housing Management,, Section 8 Management, Self-Sufficiency Management/Training.

JIM NEAL – Medicaid & Human Services Subcommittee
Mr. Neal of Columbus is retired after 38 years in engineering management at Cummins Engine Co. He received his B.S.M.E. (Mechanical Engineering) from Rose-Hulman Institute of Technology. Neal is a member of F.A.E., a society for auto engineering.

JERRY T. PAYNE – General Government Subcommittee
Currently owns Indiana @ Work LLC, a union marketing consulting company. He has a two year Associate Degree from IVY Tech, completed the IBEW Local 481 Apprenticeship Program in 1969, and has two years of study at IUPUI Division of Labor Studies. After working as an Apprentice, Journeyman Wireman, Foreman and Supervisor, he became involved in the administration of the union. He was elected to the IBEW 481 Executive Board in 1974, and then as IBEW 481 Business Manager/Financial Secretary - Trustee. While serving in that capacity he established the IBEW Money Purchase Pension Plan. He continued to serve there until 1984 when he was appointed the Administrative Manager of the IBEW 481 Health/Welfare and Pension Funds. In 1989 he became the Secretary Treasurer of the Indiana State AFL-CIO, the states largest labor organization. He has also served as Chairman of Mayor Hudnut's Labor Advisory Committee, Chairman of the TOP-NOTCH labor-management organization, served thirteen years on the Indiana Unemployment Insurance Board and currently serves as a member of the Indiana Recycling and Energy Development Commission. He has earned numerous labor and professional awards including the Sagamore of the Wabash.

BRAD SKOLNIK – General Government Subcommittee
An attorney with the Indianapolis law firm of Stewart & Irwin, P.C. where he practices in the areas of securities regulation, financial services and corporate litigation. Skolnik is a graduate of Michigan State University and the I.U. School of Law. He served as the Indiana Securities Commissioner in the Office of the Indiana Secretary of State, and served as Chief of Staff for the Secretary of State's office during his last year in office. In the fall of 2000, Skolnik completed a one-year term as president of the North American Securities Administrators Association ("NASAA"), then served as Chair of NASAA's Enforcement Section, which coordinates the enforcement activities of state securities regulators. As NASAA president, Skolnik called upon state securities regulators to conduct a self evaluation to determine how state securities regulation can be modernized to meet the needs of the emerging global marketplace. As NASAA president, Skolnik testified before the U.S. Senate Banking Committee on market structure and regulatory issues and a U.S. House of Representatives subcommittee looking at the issue of organized crime on Wall Street. More recently, as NASAA's Chair of Enforcement, he testified before a U.S. Senate Judiciary subcommittee on punishment for white-collar criminals and a U.S. House of Representatives subcommittee investigating the notorious stock broker Frank Gruttadauria.   He has participated in numerous seminars and symposia across the country, appeared on network news programs examining investment fraud and been quoted widely in business publications.

THOMAS SPONSEL – General Government Subcommittee
Mr. Sponsel**,** CPA/ABV, CVA is a partner in the Indianapolis CPA and Consulting firm of Greenwalt Sponsel & Co., Inc. He received his B.S. from Indiana University. Tom has served on a number of national and state committees within the CPA profession, including past Chair of the Indiana CPA Society (INCPAS) Government Relations Committee and the American Institute of Certified Public Accountants (AICPA) State Legislation Committee and Business Valuation Committee. Tom is currently a member of St. Vincent's Health Audit Committee, a member of the Board of Trustees of the Catholic Community Foundation, President of the Perry Township Education Foundation and serves on a number

of other civic and charitable Boards. Tom has been the recipient of a number of professional awards, including The Indiana CPA Society's "President's Award," for exemplary service to the CPA profession.

AUGUST M. WATANABE, M.D. – Higher Education Subcommittee
Served as executive vice president, science and technology, director of Eli Lilly and Company, and President of Lilly Research Laboratories, joining the company in 1990. Prior to joining Lilly, Watanabe had been a full-time faculty member (from 1971 to 1990) of the Department of Medicine of I.U. School of Medicine, and served as chairman of the department of internal medicine at I. U. School of Medicine. Watanabe earned a B.S. in zoology from Wheaton College, and his M.D. from the I.U. School of Medicine. He did additional postgraduate work in clinical pharmacology at the Laboratory of Clinical Science of the National Institute of Mental Health. During his academic career at I. U., he served as a member of the board of trustees of the American College of Cardiology and as a member of the board of directors of the American Heart Association. He also served as a consultant to the United States Food and Drug Administration and to the Public Health Service's National Institutes of Health, and on the editorial boards of scientific journals in the fields of pharmacology, biochemistry and cardiology. He is the author or co-author of more than 100 publications and medical book chapters, and he holds three patents. He served as chairman of the Science and Technology Section of the Pharmaceutical Research and Manufacturing Association of America (PhRMA). He is chairman of the board of BioCrossroads, a partner in Twilight Venture Partners (TVP), and a director of Guidant Corp., QuatRx Corp., Endocyte Corp., Reliant Corp., the Damon Runyon Cancer Research Foundation, the I. U. Foundation, the Regenstrief Foundation, the Indiana State Symphony Society, Christel House International, and a member of the board of governors of the Riley Children's Foundation.

TERRY WHITE – Higher Education Subcommittee
Mr. White of Newburgh is an attorney and partner with Olsen, White, Hambidge & Williams, LLP in Evansville. He earned his B.A. at the University of Evansville and his J.D. at the Indiana University School of Law. He is director of the Indiana Trial Lawyers Association, a member of SWIRCA Foundation Board of Directors, a member of the Newburgh Girls Softball Board of Directors, and a former district chairman for Indiana Kiwanis Clubs. White has also been involved with the Newburgh Summerfest, Boy Scouts of America, University of Evansville Fee Campaign, and the University of Evansville Alumni Board.

DR. THERESSA WRIGHT – Medicaid & Human Services Subcommittee
Dr. Wright is Senior Clinical Research Physician and Cardiovascular Safety Consultant for Lilly Research Laboratories, a division of Eli Lilly & Co. She received her B.A. from Franklin College, her MT (ASCP) in Medical Technology from St. Francis Hospital, her M.S. in Chemistry from Butler University, and her M.D. from Indiana University School of Medicine. Dr. Wright is a member of the Franklin College Board of Trustees, President of the Indiana Life Science Academy, past president of the Franklin College Alumni Council, a member of the American Heart Association, and a member of the Association of Black Cardiologists, among a number of other associations and organizations related to medicine. Dr. Wright has earned various professional honors, including Lilly's Quality Advocate Award.